



# BROKER LEGAL COMPLIANCE

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# LEGAL COMPLIANCE

## Definitions

CT Real Estate Reg. Sec. 20-325d-1

- (a) "Broker" or "Real estate broker" means "real estate broker" as this term is defined by Connecticut General Statutes Section 20-311(1), as amended;
- (b) "Salesman" or "Real estate salesman" means "real estate salesman" as this term is defined by Connecticut General Statutes Section 20-311(2), as amended;
- (c) "Seller's Agent" or "Agent of the seller" means a real estate broker or real estate salesman who acts in a fiduciary capacity for the prospective seller or prospective lessor in a real estate transaction;
- (d) "Buyer's agent" or "Agent of the buyer" means a real estate broker or real estate salesman who acts in a fiduciary capacity for the prospective buyer or prospective lessee in a real estate transaction;
- (e) "Dual agent" means a real estate broker or real estate salesman who acts in a fiduciary capacity for both the prospective seller or prospective lessor and the prospective buyer or prospective lessee in a real estate transaction; and
- (f) "Licensee" means real estate broker and/or real estate salesman.

## Chapter 1 Broker Responsibility for Salespersons

### Liability of brokers for salespersons affiliated as independent contractors CT Real Estate Reg. Sec. 20-312a

In any action brought by a third party against a real estate salesperson affiliated with a real estate broker as an independent contractor, such broker shall be liable to the same extent as if such affiliate had been employed as a real estate salesperson by such broker.

What does this mean?

- Broker sponsors salesperson's license when Broker agrees to take on salesperson as either a 1099 IC or W2 employee.
- Whatever the salesperson does in the course of business, the Broker is responsible for it regardless of whether the salesperson is a 1099 IC or W2 employee.
- The Independent Contractor ("IC") agreement can help spell out duties, responsibilities, and limitations the Broker expects the salesperson to follow.

Examples:

- Signing agency contract. It is filled out the same whether completed by Broker or agent.
- If Salesperson breaks or steals something from a client, the Broker may be financially responsible. This could also affect your business reputation.

### Brokers and salesmen CT Real Estate Reg. Sec. 20-328-10a

Upon termination of a licensee's employment or affiliation with a real estate broker, a licensee shall immediately turn over to such broker any and all information and records obtained during the licensee's employment or affiliation, whether such information or records were originally given by the licensee's

broker or copied from the records of such employing broker or acquired by the licensee during the licensee's employment or affiliation with the real estate broker.

Explanation:

- This section addresses the situation when the salesperson leaves the firm, and will not be working with the Broker anymore.
- If any document, property etc. has anything to do with the Broker's business while salesperson works under the Broker, it belongs to Broker.

Examples:

- Broker and Broker Firm's Property that must be turned over to Broker upon salesperson's leaving the firm.
- Business cards, emails, client lists, stationary, electronics, contracts, buyer or a tenant's contract.
- Copies of all records from salesperson as they become part of transaction don't wait until end to collect from salesperson.

Practice Tips

1. Have IC Agreement between Broker and salesperson from the very beginning of the 1099 professional relationship.
2. Include provisions specifically outlining termination and accounting details within the IC Agreement.
3. Follow the IC Agreement termination clause exactly, don't deviate from it once it's been agreed upon and signed and especially not once notice has been given that salesperson/Broker professional relationship is terminating.

## Brokers and salesmen

### CT Real Estate Reg. Sec. 20-328-10a(b)

(b) Upon the termination of the employment or affiliation of a licensee with a real estate broker, the real estate broker shall give the licensee, within ten days of the date on which the licensee turns over to the real estate broker any and all information and records in accordance with this section, or within forty-five days of said termination, whichever is earlier, a written accounting setting forth all active listing agreements, agency agreements, transactions, commissions and compensation in which the licensee was involved. The accounting required by this subsection shall also include a statement of the commission or compensation, if any, which the real estate broker intends to pay the salesman on account of the active listings, agency agreements, transactions, commissions and compensation in which the licensee was involved.

What does this mean?

- This statute addresses the required timetable when terminating the Broker/salesperson 1099 relationship.
- The accounting is based on Agreement set up in beginning of 1099 Broker/salesperson professional relationship standard in industry.
- There is no standard IC Agreement used and nothing in the law requires the IC Agreement be structured in any particular way or include any particular language.

**[sample IC Agreement Here]**

## Chapter 2

### Regulations Concerning Disclosure of Representation

#### Agency Disclosure

#### CT Real Estate Reg. Sec. 20-325d-2

(a) A real estate broker or real estate salesman, when acting as a seller's agent, shall make a written disclosure of whom the brokerage firm and its agents represent to prospective buyers or lessees, unless such prospective buyer or lessee is represented by another real estate broker. A real estate broker or real estate salesperson, when acting as a buyer's agent, shall make a written disclosure of whom the brokerage firm and its agents represent to prospective sellers or lessors, unless such prospective seller or lessor is represented by another real estate broker.

#### Practice Tips

1. When a buyer's or seller's Broker/agent comes into contact with a non-client by any means including in-person, phone, email or otherwise Broker/agent is required to first find out whether non-client is represented by a Broker /agent and if not, Broker/agent must disclose in writing to the non-client they represent buyer or seller (as the case may be) for the subject property.
2. This must be a written statement saying they are Broker/agent for their buyer or seller client, which is included on the form that follows:
3. Provide the Unrepresented Persons Disclosure to any unrepresented person who expresses interest in the property.
4. If the unrepresented person refuses to sign this form, Broker/agent needs to note his/her refusal to sign on the form and retain this record.

[CT "Real Estate Agency Disclosure Notice Given to Unrepresented Persons" form here]

(b)(i) A real estate broker or real estate salesperson, when acting as a dual agent, shall make a written disclosure of dual agency to all parties by using the dual agency consent agreement, Connecticut General Statutes section 20-325g, or the dual agency designated agency disclosure notice and consent agreement as set forth in the Connecticut regulations concerning designated agency.

#### Practice Tips

1. Broker/agent uses one of the following forms and has it signed by both buyer and seller, then this satisfies the requirement that Dual Agency has been discussed and agreed to by both buyer and seller.
2. One of these forms must still be signed by both buyer and seller (or landlord and tenant as case may be) even if client Agency Agreement includes permission from client for Broker/agent to be a Dual Agent.

[CT "Dual Agency Consent Agreement" form here]

#### Time of Disclosure

#### CT Real Estate Reg. Sec. 20-325d-2(b)(ii)

(b)(ii) Real estate brokers who represent both buyers and sellers shall disclose the potential for a dual agency situation in their listing agreements and buyer agency agreements.

Note: but then once actual Dual Agency situation arises, Broker/agent must have both buyer and seller sign one of the previous two (2) forms.

Example from Connecticut REALTORS® Seller's Agency Agreements:

*“Agency Relationships: While Broker shall generally act as the agent for Seller(s), it may be necessary or appropriate for Broker to act as agent of both Seller(s) and Buyer(s), exchange party, or one or more additional parties. Broker shall provide agency disclosures as required by law. Seller(s) understands that Broker may have or obtain listings on other properties and that potential buyers may consider, make offers on, or purchase other property through use of Broker’s services.”*

**CT Real Estate Reg. Sec. 20-325d-5(a)**

(a) Any licensee acting as a seller's agent or intending to act as a seller's agent shall give the disclosure required by Section 20-325d-2 of these regulations to the prospective buyer or lessee at the beginning of the first personal meeting concerning the prospective buyer's or lessee's specific real estate needs. The disclosure shall be signed by the prospective buyer or lessee and the broker or salesman, and shall be attached to any offer, binder, option, agreement to purchase or lease. If the prospective buyer or lessee refuses to sign the disclosure, the seller's agent shall note this refusal on the line indicated for the prospective buyer's or lessee's signature.

What does this mean?

- This section addresses the Broker/agent’s timing of disclosure of the potential for dual agency.
- Broker/agent must give notice of potential dual agency to prospective client upon first time Broker/agent comes into contact with prospective client.

Examples:

- Broker/agent is already working with seller, unrepresented buyer finds this property listed by said Broker/agent, and both buyer and seller want to be represented by said Broker/agent. This is a prime example of dual agency and dual agency form needs to be signed by both buyer and seller.
- Broker/agent has a listing and also has a separate buyer agreement unconnected. Buyer client finds the property you’re already listing with seller client. By default Broker/agent becomes a dual agent because buyer and seller now interested in conducting business together about the same property. This is dual agency and dual agency form needs to be signed by both buyer and seller.

If in either of these examples in 1 or 2 above, either buyer or seller want to be represented by the same Brokerage firm (“Firm 123 Realty) but via different salespeople from Firm 123 Realty. This is permissible and is called designated agency and there is a state Designated Agency Form. In this designated agency example situation, the Broker and agents would be as follows:

Buyer’s side:	Seller’s side:
Broker = 123 Realty	Broker = 123 Realty
Agent = Sue Smith	Agent = Jeff Jones

## **Chapter 3 Regulations Concerning Designated Agency**

**Designated Agency Notice and Consent Form  
C.G.S. §20-325j**

The following form shall be used as written notice and consent upon the appointment of a designated seller agent or designated buyer agent.

[CT “Dual Agency/Designated Agency Disclosure Notice and Consent Agreement Given to Persons Represented by the Same Brokerage Firm” form here]

What does this mean?

- This occurs when a Broker is already or about to start representing both buyer and seller for the same property. Broker may appoint individual agent at the firm, so-called “designated agents” to exclusively represent buyer and seller. Broker is still representing both parties but agent A represents buyer and agent B represents seller.
- Having designated agency averts the possibility of a conflict of interest in trying to represent seller’s interest and buyer’s interest (opposing interests) at the same time.

## **Chapter 4**

### **Licensee Duties to Parties**

#### **Duties to Parties**

#### **CT Real Estate Regs. Sec. 20-328-2a(a), (b) and (c)**

(a) A licensee shall not undertake to provide professional services concerning a property or its value where the licensee has a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

(b) A licensee shall not acquire an interest in or buy for himself or herself, any member of the licensee's immediate family, the licensee's firm or any member thereof, or any entity in which the licensee has a substantial ownership interest, property listed with the licensee, without disclosing to the listing owner the licensee's relationship to the prospective buyer or lessee. In selling or leasing property owned by the licensee or in which the licensee has any interest, the licensee shall reveal the extent of his or her ownership or interest to the prospective buyer or lessee.

(c) A licensee accepting an exclusive right to sell or lease listing or an exclusive agency to sell or lease listing shall make a diligent effort to sell or lease the property listed. A licensee who agrees to become an exclusive agent of a prospective buyer or lessee shall make a diligent effort to find a property within the prospective buyer's or lessee's specifications

What does this mean?

- If Broker/agent has present or contemplated interest in the property or to the client, they must disclose this interest in writing before starting work on the property transaction.

Examples:

- If spouse or any other family member owns the property, Broker/agent must disclose this relationship to the owner.
- Broker/agent is buying the REO property as buyer, buyer’s Broker must disclose buyer is also the agent.

#### **Duties to Parties**

#### **CT Real Estate Reg. Sec. 20-328-2a(d)**

(d) No licensee shall submit to an owner a written offer to purchase or lease real property unless either (1) such offer contains the essential terms and conditions of the offer, including the manner in which the purchase is to be financed; or (2) such offer is conditioned upon the later execution of a bond for deed or complete agreement for sale. No licensee shall submit to an owner a written agreement or a bond for deed for the sale of real estate which contains a mortgage contingency clause which conditions the prospective buyer's performance on obtaining a mortgage from a third party unless the contingency clause includes at least the following: (1) the principal amount of the mortgage the prospective buyer must obtain; (2) the time period within which the mortgage commitment must be obtained; and (3) the term of years of the mortgage.

What does this mean?

- Offers must be in writing.
- All essential terms must be included in the offer:
  - Identification of parties involved
  - Identification of property
  - Price
  - Financing as applicable
  - Any inspection contingencies
  - Proposed closing date
  - Any other special/specific terms of contingencies important to or required by buyer
- Mortgage contingency must include all 3 of the following:
  - dollar amount of mortgage;
  - deadline for buyer to obtain mortgage commitment (under TRID may be interpreted as a Loan Estimate); and
  - and mortgage term. Make sure you have a clear, clean, and concise document.
- Make sure you have a clear, clean, and concise document.

Example:

Mortgage contingency: for \$100,000, deadline 30 days from date of seller's acceptance by signature on the offer and copy to the buyer and term of 30 years.

- Dollar amount: \$100,000.00
- Deadline for mortgage commitment or Loan Estimate: 30 days from date contract fully signed by both buyer and seller with copy to buyer
- Term: 30 years

## **Duties to Parties**

### **CT Real Estate Reg. Sec. 20-328-2a(e)(1)**

(e)(1) The listing real estate broker shall submit all offers or counter-offers to the seller, owner or lessor as quickly as possible. Unless the listing real estate broker and the seller, owner or lessor agree otherwise, the listing real estate broker shall not be obligated to continue to market the property after an offer or counter-offer has been accepted. After the acceptance of an offer or counter-offer, the listing real estate broker shall advise any other offerors that an offer or counter-offer on the listed property has been accepted. (2) A licensee acting as the agent of the buyer or lessee shall present all offers or counter-offers to the prospective buyer or lessee as quickly as possible. Unless a licensee acting as the agent of the prospective buyer or lessee and the buyer or lessee agree otherwise, the licensee shall not be obligated to continue to show properties to the prospective buyer or lessee after an offer or counter-offer has been accepted.

What does this mean?

- All offers seller's Broker/agent receives must be passed along to seller as soon as possible, Broker/agent cannot wait or delay turning this over to seller.
- Once seller accepts an offer Broker has no legal obligation, to continue to market the property.
- All counter offers buyer's Broker/agent receives must be passed along to buyer as soon as possible.
- Once buyer's offer is accepted, buyer's Broker/agent is not legally obligated to continue to show buyer any more properties.

### **Duties to Parties**

#### **CT Real Estate Regs. Sec. 20-328-2a(f)(1)**

(f)(1) All dealings concerning property exclusively listed with an agent shall be conducted with the listing agent, and not the seller, owner or lessor. A licensee may contact the seller, owner or lessor of property exclusively listed with an agent if the listing agent consents to the contact or the licensee, after diligent effort, is unable to communicate with the listing agent or a licensee designated by the listing agent to service the listing in the listing agent's absence. (2) All dealings concerning a prospective buyer or lessee who is exclusively represented by an agent shall be conducted with the prospective buyer's or lessee's agent, and not with the prospective buyer or lessee. A licensee may contact a prospective buyer or lessee who is exclusively represented by an agent if the agent representing the prospective buyer or lessee consents to the contact or the licensee, after diligent effort, is unable to communicate with the prospective buyer's or lessee's agent or a licensee designated by the buyer's or lessee's agent to service the buyer in the buyer's or lessee's agent's absence.

What does this mean?

- If the other side is represented by Broker, Broker must go through the Broker.
- Licensee may contact another Broker's client directly only when that client's Broker gives written permission to do so.
- CT Real Estate Regulations state licensee may contact another Broker's client directly without client's Broker's permission only "after diligent effort" expended to reach Broker to no avail. \*However, "diligent effort" is not defined, but has been interpreted to be a pretty high standard/threshold to meet.

Example: Buyer has a signed valid and active Agency Agreement with Broker A. Buyer shows up at Broker B's open house without Broker A. Buyer conveys to Broker B buyer wishes to purchase the property. All communications from seller's Broker B to the buyer's side must go through Buyer's Broker A.

### **Practice Tips**

1. Deal with licensee, don't deviate outside that.
2. Diligent effort to reach the other Broker really means diligent and is interpreted as a very high standard. Best practice would be to reach out to the Broker, Office Manager, other firm agents, attempt contact through all methods of communication if non-responsive agent (email, phone, fax, in-person, etc.) for a considerable amount of time.
3. If you can't reach other Broker/agent, try to be patient and remember that no contact from Broker/agent doesn't automatically mean Broker/agent is ignoring you. There may be other legitimate reasons Broker/agent is not responding such as emergencies or technology issues.



## **Duties to Parties**

### **CT Real Estate Regs. Sec. 20-328-2a(g) and (h)**

(g) No signs shall be placed on any property which relate to a real estate transaction without the written consent of the owner or the lessor, or his or her duly authorized agent or fiduciary.

(h) In the sale or lease of property which is exclusively listed with a real estate broker pursuant to an exclusive right to sell or lease listing or an exclusive agency to sell or lease listing, the broker shall cooperate with other real estate brokers upon mutually agreed upon terms when it is in the best interests of the party or parties for whom the broker is acting.

What does this mean?

- Broker needs written permission from the property owner to post a lawn sign.
- Treat other Brokers/agents fairly, respectfully, and show common courtesy.
- Be professional.

## **Chapter 5 - Agreements**

### **CT Real Estate Regs. Sec. 20-328-6a(a)**

(a)(1) Before a licensee attempts to negotiate a sale, exchange, or lease of real estate, other than a commercial real estate transaction, on behalf of the owner or lessor of real estate, the licensee shall enter into a listing agreement with the party or parties for whom the licensee will act. All listing agreements shall be in writing, properly identifying the property and containing all of the terms and conditions of the sale, exchange or lease, including the commission to be paid, the date on which the listing agreement is entered into and its expiration date. The listing agreement shall be signed by the owner, seller or lessor or an agent authorized to act on behalf of the owner, seller or lessor only by a written document executed in the manner provided for conveyances in Connecticut General Statutes, Section 47-5, and by the broker or the broker's authorized agent. The type of listing shall be clearly indicated in the listing agreement. The licensee shall deliver immediately a copy of any listing agreement to any party or parties executing the same, where such listing agreement has been prepared by such licensee or under the licensee's supervision and where such listing agreement relates to a real estate transaction with which the licensee is associated as a broker or a salesman. For listing agreements entered into on or after October 1, 2004, if the real estate broker permits real estate licensees not affiliated with the real estate broker to advertise the real estate, the real estate broker shall disclose such permission and all exceptions to the advertising on the listing agreement and obtain the owner's or lessor's authorization for such advertising. (2) Before a licensee attempts to negotiate a purchase, exchange or lease of real estate, other than a commercial real estate transaction, on behalf of a prospective buyer or lessee of real estate, the licensee shall enter into an agency agreement with the party or parties for whom the licensee will act. All agency agreements shall be in writing, containing all of the terms and conditions of the agency agreement, including the compensation to be paid, the date on which the agency agreement is entered into and its expiration date. The agency agreement shall be signed by the prospective buyer or lessee or an agent authorized to act on behalf of the prospective buyer or lessee only by a written document executed in the manner provided for conveyances in Connecticut General Statutes, section 47-5, and by the broker or the broker's authorized agent. The licensee shall deliver immediately a copy of any agency agreement to any party or parties executing the same, where such agency agreement has been prepared by such licensee or under the licensee's supervision and where such buyer agency agreement relates to a real estate transaction with which the licensee is associated as a broker or salesman.

What does this mean?

- Before starting work with a seller or buyer Broker/agent must sign an Agency Agreement with seller or buyer.
- Broker/agent must also have a signed Agency Agreement with a landlord or tenant before working on their behalf.
- Agency Agreement must:
  - Be in writing
  - Properly identify the property (usually it's enough to list the full address)
  - Contain all the terms and conditions of the sale, exchange or lease, including Broker commission
  - Include the precise start and end date of listing
  - Be signed by all owners/landlords or legally authorized representative(s) of owners/landlords on sell side; by signed by any buyers/tenants seeking representation on the buy side
  - State the type of listing (sale or lease, exclusive agency, or exclusive right)
  - Include advertising limitations or restrictions requested by seller, including whether seller permits other Brokers to advertise the property even though seller is not working with them. "Advertise" meaning another Broker may list the property available for sale with the disclaimer it's not their listing, as required under CT Real Estate Regulations on Advertising 20-328-5a(d).
- Broker must keep original for the Broker's records and a second original or a copy must be provided to all owners.
  - Practice Tip: If there are three (3) owners, Broker must give three (3) copies.
- Section 20-328-6: (a) only applies to residential transactions, but commercial transactions are covered in 20-328-6a subsection (d). Commercial transactions will be covered later on in this course.

#### Practice Tips

1. Discuss agency and the legal requirement to have a written agency agreement with every potential client and customer you encounter.
2. Don't agree to represent, go on showings, or otherwise engage in real estate business on behalf of anyone or any property without a signed Agency Agreement in place.
3. If potential client refuses to sign an Agency Agreement, Broker may have options:
  - (a) If Broker/agent is seller's Broker approached by an interested buyer, Broker/agent may show their own listing to an unrepresented interested buyer once the Unrepresented Persons Disclosure is signed.
    - a. If, however, interested buyer won't sign this form, Broker/agent must note on the form it was given to interested buyer but they refused to sign. Broker/agent must keep original and give a copy to interested buyer.
  - (b) If interested buyer approaches Broker/agent for a showing where Broker/agent is not the seller's Broker, Broker/agent may not show the property until an Agency Agreement is signed.
    - a. If interested buyer refuses to sign, try to negotiate the terms of the Agency contract to match the interested buyer's intention, such as agency for just that day, just that property, etc. so both Broker and buyer are voluntarily agreeing to sign an Agency contract.
  - (c) Do not force anyone to sign an Agency contract. If no agreement can be reached and person won't sign an Agency Agreement Broker/Agent cannot legally show a property that is not their firm's listing, and Broker's agent puts their license and professional reputation at risk if they violate the law.

Example: Specific Property Example

1. Interested buyer and Broker/agent agree to show 123 Main Street only so their exclusive right to represent agreement will limit the Broker/agent to only showing 123 Main Street, and no other properties.
2. Interested buyer and Broker/agent agree buyer will sign exclusive right to represent agreement for all houses Broker/agent shows buyer starting on July 1, 2015 at 12 p.m. and ending on July 1, 2015 at 6 p.m.

**CT Real Estate Regs. Sec. 20-328-6a(b), (c), and (d)**

(b) For all instruments other than listing agreements, buyer agency agreements or lessee agency agreements, the licensee, for the protection of all parties, shall use his or her best efforts to assure that all contractual commitments regarding real estate transactions with which the licensee is associated are in writing, dated, and express the agreement of the parties. The licensee shall deliver immediately a copy of any such instrument to any party or parties executing the same, where such instrument has been prepared by such licensee or under the licensee's supervision and where such instrument relates to a real estate transaction with which the licensee is associated as a broker or a salesman.

What does this mean?

- Put everything in writing to express the intentions, goals and what's agreed to by both Broker/agent and the client.
- Any addendums or riders need to be in writing, signed, dated, clear and accurate. All parties who sign must be provided a copy of all paperwork they have signed immediately upon signing.

(c) No licensee shall accept or enter into a net listing. In cases where the owner or the lessor wishes to list in this manner, the agreed upon fee shall be added and listings made in the usual manner.

What does this mean?

- Net listings are prohibited. Definition of "net listing", from CT Real Estate Regulations Sec. 20-328-1a – (e) "Net listing" means a listing contract in which the broker receives as a commission all excess moneys over and above the minimum sales price agreed upon by the broker and seller.
- Be clear, concise and professional in your work product.
- Be truthful and accurate in sales/purchase price.

(d) A licensee attempting to negotiate or negotiating a sale, exchange, or lease of a commercial real estate transaction shall obtain a listing, buyer or tenant representation agreement, memorandum, letter, or other writing stating for whom the licensee will act or has acted, signed by the party for whom the licensee will act or has acted in the commercial real estate transaction, the duration of the authorization and the amount of any compensation payable to the licensee.

What does this mean?

- Broker/agent must have a signed Agency Agreement to represent seller, landlord, buyer or tenant in a commercial transaction.
- Agency Agreement must:
  - Be in writing.

- Be signed by both Broker/agent and client the Broker/agent is representing.
- Include the “duration” of the representation.
- Include the amount of compensation payable to Broker.

## **Chapter 6 - Misrepresentation, Disclosure and Advertising**

### **CT Real Estate Regs. Sec. 20-328-5a**

(a) A licensee shall not misrepresent or conceal any material facts in any transaction.

\*\*This is a short statute but it has a lot of repercussions.

What does this mean?

- All material facts must be disclosed by Broker/agent.
- Broker/agent is required by law to disclose material facts even if seller expressly instructs seller’s Broker not to disclose.

Example: seller tells seller’s Broker not to tell buyer the roof leaks.

- Broker is required by this law to disclose to buyer the roof leaks.

- Broker/agent must disclose material facts even if seller is exempt from providing the statutory Residential Property Condition Disclosure Form.

Example: Seller is a trustee exempt from providing RPCDR, and tells Broker or Broker visibly sees firsthand the roof leaks.

- Broker is required by law to disclose to buyer the roof leaks.

- Broker/agent must disclose material facts even if seller chooses to pay statutory \$500 credit instead of providing the Residential Property Condition Disclosure Form (RPCDR) to a buyer.

Example: Seller tells buyer upfront the seller is providing the \$500 credit in lieu of RPCDR. Seller tells Broker or Broker visibly sees firsthand the roof leaks.

- Broker is required by law to disclose to buyer the roof leaks.

- Material facts are anything that affects the buyer’s decision on whether or not to purchase the property.
- Material facts must be disclosed in writing. Seller’s Broker should have buyer sign an acknowledgment that buyer has received this written disclosure from seller’s Broker and Seller’s Broker should give a copy of signed acknowledgement and disclosure to buyer and keep original for seller’s Broker’s files.

(b) No licensee shall misrepresent the actual selling price of real estate to any lender or any other interested party, either verbally or through the preparation of a false sales contract.

What does this mean?

- Purchase price is the full price of the offer without regard to any concessions or Broker commissions.

- Be truthful, accurate and include all financial information to whomever prepares the closing documents.

### Practice Tips

- Broker/agent should provide accurate information to whomever is preparing the closing documents.
- Broker/agent should not consent to a second set of closing documents that do not reflect the true financial details of the transaction.
- There may be a “Seller’s Closing Disclosure” with some additional information. Buyer’s attorney should review and ok it first before Broker/agent does to ensure it reflects the true financial details of the transaction.
- By following procedure it makes the process easier and more efficient.
- Privacy issues regarding disclosure of Closing Disclosure information to agent.

(c) A real estate broker shall exercise diligence at all times in obtaining and presenting accurate information in the broker's advertising and representations to the public. No broker shall advertise to sell, buy, exchange, rent or lease the property of another in a manner indicating the offer to sell, buy, exchange, rent or lease such property is being made by a private party not engaged in the real estate business. The real estate broker shall neither advertise without disclosing the broker's name nor permit any person associated with the broker to use individual names, telephone numbers or mailing addresses, to the exclusion of the **name of such broker**.

What does this mean?

- This is the section that outlines the requirement for what must be included in print (non-electronic) advertising
  - This includes but may not be limited to newspaper ads, printed brochures, and lawn signs
- Broker/agent must include in the advertising the name of Broker who holds the valid agency contract with the seller.
- This is the bare minimum, however other additional information may also be included
- Be professional, honest, and accurate in all advertising.

\*\*If you’re not sure if your advertising would be considered “print” advertising, follow the requirements outlined for electronic communication advertising in subsection (f) of this Regulation, which will be covered in this Course

(d) No real estate licensee shall modify or change the listing information of a real estate broker without the express permission of the real estate broker. No real estate licensee shall advertise real estate listed with a real estate broker with whom the real estate licensee is not affiliated without the permission of the listing real estate broker. No real estate licensee shall advertise real estate listed with a real estate broker with whom the real estate licensee is not affiliated without updating such advertising at least once every seventy-two (72) hours. No real estate licensee shall advertise real estate listed with a real estate broker with whom the real estate licensee is not affiliated without identifying that the real estate is not listed with the real estate licensee.

What does this mean?

- Agents: If it’s not your own Broker’s listing you need written permission from seller’s Broker to list it and also to change it if that’s your plan.

- If it's not your listing but are listing it with the permission of the Broker who holds the listing, you must do the following:
  - Post the listing clearly identifying it's not your own listing
  - Update the posting no less than every 72 hours.
    - This means you will need/want to keep records of the date and time you update to show you are complying with the CT Real Estate Regulations.

Example: Two agents working for same Broker can post each other's listings but agents from outside this office who work under a different broker must follow the aforementioned rules in order to post the listing.

#### Practice Tips

1. Broker should reinforce this information with your agents.
2. Remember in the course of business, Broker is responsible for actions of salesperson Broker is sponsoring.

(e) A real estate licensee advertising or marketing on an internet site, owned or controlled by the real estate licensee, shall include on the home page of the site on which the real estate licensee's advertisement or information appears the following data: (1) licensee's name and office address as it appears on said licensee's real estate license; (2) name of the real estate broker with whom the licensee is affiliated, as that real estate broker's name is registered with the commission; (3) all states in which the licensee holds a salesperson or broker license; (4) last date on which property information shown on the site was revised.

What does this mean?

- When salesperson or broker owns or controls the website, homepage must include:
  - Licensee's own name and office address matching what is on their real estate license.
  - The Broker under whom the salesperson is working, written to match exactly how Broker is officially registered and licensed with the state.
  - All states where salesperson holds either salesperson's or broker's license.
  - Last date of revision for all properties posted on this website.

(f) A real estate licensee using internet electronic communication for advertising or marketing, including but not limited to e-mail, e-mail discussion groups, and bulletin boards, shall include on the first or last page of all communications the following data: (1) the licensee's name and office address; (2) the name of the real estate broker with whom the licensee is affiliated as that real estate broker's name is registered with the commission; (3) all states in which the licensee holds a salesperson or broker license.

What does this mean?

- These listed requirements apply to all electronic communications including emails, bulletin boards, online discussions, social media, etc.

#### Practice Tips

1. Be clear, accurate, and concise about which Broker and Broker firm the agent works under and agent's licensing credentials.
2. Brokers should share this information with your agents and remind them this applies to social media.
3. These requirements are the bare minimum, but additional information may also be included
4. Remember Broker is responsible for actions of salesperson Broker is sponsoring.

## Chapter 7

### Residential Property Condition Disclosure Report Form (“RPCDR”), Other State and Federal Mandated Disclosures

(a) Except as otherwise provided in this section, each person who offers residential property in the state for sale, exchange or for lease with option to buy, shall provide a written residential condition report to the prospective purchaser at any time prior to the prospective purchaser's execution of any binder, contract to purchase, option or lease containing a purchase option. A photocopy, duplicate original, facsimile transmission or other exact reproduction or duplicate of the written residential condition report containing the prospective purchaser's written receipt shall be attached to any written offer, binder or contract to purchase. A photocopy, duplicate original, facsimile transmission or other exact reproduction or duplicate of the written residential condition report containing the signatures of both seller and purchaser shall be attached to any agreement to purchase the property.

What does this mean?

- Seller must provide this form to prospective purchaser.
- Seller must provide to prospective purchaser before purchaser commits to anything in writing, including binder or contract for the property.
- Seller is required to provide regardless of whether seller is represented by Broker/agent, i.e. For Sale By Owner (“FSBO”) still must provide.
- Prospective purchaser must attach a signed copy of seller’s RPCDR to their written offer, binder or contract.
- RPCDR signed by both seller and buyer must be attached to the fully signed purchase and sale contract.
- Seller exemptions discussed in the next section.

[“State of Connecticut Department of Consumer Protection Residential Property Condition Disclosure Report” form here]

#### Practice Tips

1. Broker/agent should keep copies of the form as it is signed during the process.
2. Keep copies of every transmission to the other side for Broker’s record retention requirements under CT Real Estate Regulation §20-325a, to be reviewed later on in this course.
3. Penalty for failure to furnish = \$500 Connecticut General Statutes Section 20-327c.

(b) The following shall be exempt from the provisions of this section: (1) Any transfer from one or more co-owners solely to one or more of the co-owners; (2) transfers made to the spouse, mother, father, brother, sister, child, grandparent or grandchild of the transferor where no consideration is paid; (3) transfers pursuant to an order of the court; (4) transfers of newly-constructed residential real property for which an implied warranty is provided under chapter 827 [New Home Construction Warranty]; (5) transfers made by executors, administrators, trustees or conservators; (6) transfers by the federal government, any political subdivision thereof or any corporation, institution or quasi-governmental agency chartered by the federal government; (7) transfers by deed in lieu of foreclosure; (8) transfers by the state of Connecticut or any political subdivision thereof; (9) transfers of property which was the subject of a contract or option entered into prior to January 1, 1996; and (10) any transfer of property acquired by a judgment of strict foreclosure or by foreclosure by sale or by a deed in lieu of foreclosure.

Examples: The following transaction examples are exempt from the requirement of providing a completed RPCDR form:

1. Husband and wife convey to just wife
2. Foreclosure
3. Real Estate Owned (“REO”)/bank owned property sales

(c) The provisions of this section shall apply only to transfers by sale, exchange or lease with option to buy, of residential real property consisting of not less than one nor more than four dwelling units which shall include cooperatives and condominiums, and shall apply to all transfers, with or without the assistance of a licensed real estate broker or salesperson, as defined in section 20-311.

What does this mean?

- RPCDR must be provided if property for sale is 4 or fewer units, a co-op, a condo
- FSBO sellers must provide this
- Doesn’t apply to commercial transactions
- This section describes the content of the form

(e) On or after January 1, 1996, the Commissioner of Consumer Protection shall make available the residential disclosure report prescribed in accordance with the provisions of this section and sections 20-327c to 20-327e, inclusive, to the Division of Real Estate, all municipal town clerks, the Connecticut Association of Realtors, Inc., and any other person or institution that the commissioner believes would aid in the dissemination and distribution of such form. The commissioner shall also cause information concerning such form and the completion of such form to be disseminated in a manner best calculated, in the commissioner's judgment, to reach members of the public, attorneys and real estate licensees.

## **Other State and Federal Mandated Disclosures**

### **Connecticut Smoke and Carbon Monoxide Detector Affidavit C.G.S. §29-453**

[CT “Smoke and Carbon Monoxide Detector Affidavit” form here]

(a) Prior to transferring title to any real property containing a residential building designed to be occupied by one or two families for which a building permit for new occupancy was issued prior to October 1, 2005, the transferor of such real property shall present to the transferee an affidavit certifying (1) that such building permit for new occupancy was issued on or after October 1, 1985, or that such residential building is equipped with smoke detection and warning equipment complying with this section, and (2) that such residential building is equipped with carbon monoxide detection and warning equipment complying with this section or does not pose a risk of carbon monoxide poisoning because such residential building does not contain a fuel-burning appliance, fireplace or attached garage. Nothing in the affidavit shall constitute a warranty beyond the transfer of title.

(b) Any transferor who fails to comply with the provisions of subsection (a) of this section shall credit the transferee with the sum of two hundred fifty dollars at closing.

(c) Any smoke detection and warning equipment required pursuant to subsection (a) of this section shall (1) be capable of sensing visible or invisible smoke particles, (2) be installed in accordance with the manufacturer’s instructions and in the immediate vicinity of each bedroom, and (3) be capable of providing an alarm suitable to warn occupants when such equipment is activated. Such equipment may be operated using batteries.

(d) Any carbon monoxide detection and warning equipment required pursuant to subsection (a) of this section shall (1) be capable of sensing carbon monoxide present in parts per million, (2) be installed in



accordance with the manufacturer's instructions, and (3) be capable of providing an alarm suitable to warn occupants when such equipment is activated. Such equipment may be operated using batteries.

(e) The following shall be **exempt** from the requirements of subsections (a) and (b) of this section: (1) Any transfer from one or more co-owners solely to one or more of the other co-owners; (2) transfers made to the spouse, mother, father, brother, sister, child, grandparent or grandchild of the transferor where no consideration is paid; (3) transfers pursuant to an order of the court; (4) transfers by the federal government or any political subdivision thereof; (5) transfers by deed in lieu of foreclosure; (6) any transfer of title incident to the refinancing of an existing debt secured by a mortgage; (7) transfers by mortgage deed or other instrument to secure a debt where the transferor's title to the real property being transferred is subject to a preexisting debt secured by a mortgage; and (8) transfers made by executors, administrators, trustees or conservators.

#### Practice Tips

- This affidavit is good to know about, and licensees should let your client know it exists, however, this is an affidavit that your client should discuss with their attorney regarding whether it applies to their property and whether the attorney recommends the seller provide it.
- Buyer may not force the seller to provide this affidavit or force the buyer to give the statutorily proscribed \$250 credit instead of providing the affidavit.
- If the property does not meet the requirements of filling out the affidavit, the seller still may provide if they wish
- If the property does not meet the requirements of filling out the affidavit, seller is not required to provide the statutory \$250 credit to the buyer

#### **Federal Lead Paint Disclosure 42 USC §4852d(a)**

##### **(a) Lead disclosure in purchase and sale or lease of target housing**

###### **(1) Lead-based paint hazards**

Not later than 2 years after October 28, 1992, the Secretary and the Administrator of the Environmental Protection Agency shall promulgate regulations under this section for the disclosure of lead-based paint hazards in target housing which is offered for sale or lease. The regulations shall require that, before the purchaser or lessee is obligated under any contract to purchase or lease the housing, the seller or lessor shall—

(A) provide the purchaser or lessee with a lead hazard information pamphlet, as prescribed by the Administrator of the Environmental Protection Agency under section 406 of the Toxic Substances Control Act [15 U.S.C. 2686];

(B) disclose to the purchaser or lessee the presence of any known lead-based paint, or any known lead-based paint hazards, in such housing and provide to the purchaser or lessee any lead hazard evaluation report available to the seller or lessor; and

(C) permit the purchaser a 10-day period (unless the parties mutually agree upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint hazards.

(2) Contract for purchase and sale. Regulations promulgated under this section shall provide that every contract for the purchase and sale of any interest in target housing shall contain a Lead Warning Statement and a statement signed by the purchaser that the purchaser has -

(A) read the Lead Warning Statement and understands its contents;

(B) received a lead hazard information pamphlet; and

(C) had a 10-day opportunity (unless the parties mutually agreed upon a different period of time) before becoming obligated under the contract to purchase the housing to conduct a risk assessment or inspection for the presence of lead-based paint hazards.

On a separate sheet of paper attached to the contract:

*“Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller’s possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.”*

(4) Compliance assurance - Whenever a seller or lessor has entered into a contract with an for the purpose of selling or leasing a unit of target housing, the regulations promulgated under this section shall require the agent, on behalf of the seller or lessor, to ensure compliance with the requirements of this section.

(5) Promulgation - A suit may be brought against the Secretary of Housing and Urban Development and the Administrator of the Environmental Protection Agency under section 20 of the Toxic Substances Control Act [15 U.S.C. 2619] to compel promulgation of the regulations required under this section and the Federal district court shall have jurisdiction to order such promulgation.

(b) Penalties for violations

(1) Monetary penalty - Any person who knowingly violates any provision of this section shall be subject to civil money penalties in accordance with the provisions of section 3545 of this title.

(2) Action by Secretary - The Secretary is authorized to take such lawful action as may be necessary to enjoin any violation of this section.

(3) Civil liability - Any person who knowingly violates the provisions of this section shall be jointly and severally liable to the purchaser or lessee in an amount equal to 3 times the amount of damages incurred by such individual.

(4) Costs - In any civil action brought for damages pursuant to paragraph (3), the appropriate court may award court costs to the party commencing such action, together with reasonable attorney fees and any expert witness fees, if that party prevails.

(5) Prohibited act - It shall be a prohibited act under section 409 of the Toxic Substances Control Act [15 U.S.C. 2689] for any person to fail or refuse to comply with a provision of this section or with any rule or order issued under this section. For purposes of enforcing this section under the Toxic Substances Control Act [15 U.S.C. 2601 et seq.], the penalty for each violation applicable under section 16 of that Act [15 U.S.C. 2615] shall not be more than \$10,000.

(c) Validity of contracts and liens - Nothing in this section shall affect the validity or enforceability of any sale or contract for the purchase and sale or lease of any interest in residential real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a mortgage loan, nor shall anything in this section create a defect in title.

(d) Effective date -The regulations under this section shall take effect 3 years after October 28, 1992.

a. From Federal Register - 24 CFR Part 35 Subpart A§35.80 - “a seller or lessor of target housing shall disclose to the purchaser or lessee the presence of any known lead-based paint and/or lead-

based paint hazards; provide available records and reports; provide the purchaser or lessee with a lead hazard information pamphlet; give purchasers a 10-day opportunity to conduct a risk assessment or inspection; and attach specific disclosure and warning language to the sales or leasing contract before the purchaser or lessee is obligated under a contract to purchase or lease target housing. “

HUD Lead Based Paint Disclosure for Purchases  
24 CFR Part 35 Subpart A§35.96(b)

[HUD “Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards” forms for purchase and for rentals here]

(b) Exceptions where lead paint rule doesn’t apply such that the lead-based paint disclosure form doesn’t need to be provided:

i. (a) Sales of target housing at foreclosure.

(b) Leases of target housing that have been found to be lead-based paint free by an inspector certified under the Federal certification program or under a federally accredited State or tribal certification program. Until a Federal certification program or federally accredited State certification program is in place within the State, inspectors shall be considered qualified to conduct an inspection for this purpose if they have received certification under any existing State or tribal inspector certification program. The lessor has the option of using the results of additional test(s) by a certified inspector to confirm or refute a prior finding.

(c) Short-term leases of 100 days or less, where no lease renewal or extension can occur.

(d) Renewals of existing leases in target housing in which the lessor has previously disclosed all information required under §35.88 and where no new information described in §35.88 has come into the possession of the lessor. For the purposes of this paragraph, renewal shall include both renegotiation of existing lease terms and/or ratification of a new lease.

From Federal Register - 24 CFR Part 35 Subpart A§35.96

\*\*Below discusses failure to comply with the rule and penalties\*\*

(a) Any person who knowingly fails to comply with any provision of this subpart shall be subject to civil monetary penalties in accordance with the provisions of 42 U.S.C. 3545 and 24 CFR part 30.

(b) The Secretary is authorized to take such action as may be necessary to enjoin any violation of this subpart in the appropriate Federal district court.

(c) Any person who knowingly violates the provisions of this subpart shall be jointly and severally liable to the purchaser or lessee in an amount equal to 3 times the amount of damages incurred by such individual.

(d) In any civil action brought for damages pursuant to 42 U.S.C. 4852d(b)(3), the appropriate court may award court costs to the party commencing such action, together with reasonable attorney fees and any expert witness fees, if that party prevails.

(e) Failure or refusal to comply with §§ 35.88 (disclosure requirements for sellers and lessors), § 35.90 (opportunity to conduct an evaluation), § 35.92 (certification and acknowledgment of disclosure), or § 35.94 (agent responsibilities) is a violation of 42 U.S.C. 4852d(b)(5) and of TSCA section 409 (15 U.S.C. 2689).

(f) Violators may be subject to civil and criminal sanctions pursuant to TSCA section 16 (15 U.S.C. 2615) for each violation. For purposes of enforcing this subpart, the penalty for each violation applicable under 15 U.S.C. 2615 shall be not more than \$10,000.

Practice Tips

1. It is the Broker and Agent's responsibility to ensure compliance.
  - a. Make sure to inform the seller/lessor of his/her obligations.

## **Chapter 8 Disclosure of Non-Material Facts**

### **Nonmaterial Fact Concerning Real Property C.G.S. §20-329dd**

No disclosure required. No cause of action. (a) The existence of a nonmaterial fact concerning real property is not a material fact that must be disclosed in a real estate transaction. (b) No cause of action shall arise against an owner of real estate, the owner's agent or any agent of the transferee for the failure to disclose a nonmaterial fact concerning real property to the transferee.

What does this mean?

- Seller is not required to disclose non-material facts to the buyer.
- Brokers/agents, buyers, can't sue the seller or seller's broker/agent because of non-material fact pertaining to the property was not disclosed.
- Material facts about the property must be disclosed

### **Nonmaterial Fact Concerning Real Property defined C.G.S. §20-329cc**

As used in Connecticut General Statutes §20-329cc to 20-329ff, inclusive, a "nonmaterial fact concerning real property" means a fact, set of facts or circumstance surrounding real estate which includes, but is not limited to: (1) The fact that an occupant of real property is or has been infected with a disease on the list of reportable diseases, emergency illnesses and health conditions issued by the Commissioner of Public Health pursuant to section 19a-2a; or (2) the fact that the property was at any time suspected to have been the site of a death or felony.

What does this mean?

- These two situations described in the statute are non-material facts and therefore seller is not required to disclose this information.

### **Purchaser or lessee may request written disclosure of property's status re homicide, other felony or suicide. C.G.S. §20-329ee**

Notwithstanding sections 20-329cc and 20-329dd, if a purchaser or lessee of real estate, who was in the process of making a bona fide offer, advises an owner of real estate or his or her agent, in writing, that knowledge that the property was at any time suspected to have been the site of a homicide, other felony or a suicide is important to the purchaser's decision to purchase or lease the property, the owner through his or her agent shall report any findings to the purchaser or lessee, in writing subject to and consistent with applicable laws of privacy. If the owner refuses to disclose such information, his or her agent shall so advise the purchaser or lessee in writing.

What does this mean?

- If a buyer requests this information in writing from the seller, seller must respond in writing either refusing to answer or answering with the truth.

### **Legal rights retained for physical deficiencies**

#### **C.G.S. §20-329ff**

Nothing in Connecticut General Statutes §20-329cc to 20-329ff, inclusive, shall alter the legal rights of a purchaser, lessee, seller or lessor of real estate for physical deficiencies of the transferred property.

What does this mean?

- This is important for buyer and agent to know this information.
- This section clarifies and confirms that despite the CT Real Estate Regulations in sections 20-329cc to 20-329ff, if there are physical deficiencies in the transferred property all parties legal rights and remedies remain.

## **Chapter 9**

### **Environmental – Notice Requirements**

#### **Notice re existence of hazardous waste facilities**

##### **C.G.S. §20-327f**

Liability not imposed by section. Seller and licensee not required to participate in compiling list of facilities. (a) With respect to a contract for the sale of a one-to-four family residential real property, if the seller provides written notice to the purchaser, prior to, or upon, entering into the contract, of the availability of the lists of hazardous waste facilities pursuant to section 22a-134f, the seller and any real estate licensee shall be deemed to have fully satisfied any duty to disclose the presence of all hazardous waste facilities, as defined in section 22a-134f even if: (1) The list required to be submitted pursuant to section 22a-134f has not been submitted, (2) the list has not been received or made available as required in section 22a-134f, or (3) there is an error, omission or inaccuracy in the list.

(b) With respect to a contract for the sale of a one-to-four family residential real property, if the seller provides written notice to the purchaser, prior to, or upon, entering into the contract, of the availability of information concerning environmental matters from the federal Environmental Protection Agency, the National Response Center, the Department of Defense and third-party providers, the seller and any real estate licensee shall be deemed to have fully satisfied any duty to disclose environmental matters concerning properties other than the property that is the subject of the contract.

(c) Nothing in this section shall be construed to impose liability on a seller or real estate licensee for failing to disclose the existence of hazardous waste facilities, as defined in section 22a-134f or information concerning environmental matters as specified in subsection (b) of this section.

(d) No seller or real estate licensee shall be required to compile, or contribute to the compilation of, in whole or in part, the list required pursuant to section 22a-134f.

What does this mean?

- Buyer/agent and seller are not responsible for researching or providing this information.

- These legal requirements are **NOT** satisfied when the seller provides the RPCDR because the requested notice to buyer imposed by this section is **NOT** included in that form.
- If seller provides this notice, this satisfies both seller's obligations AND also Broker's obligation.
- This obligation is on "any real estate licensee" which means Broker/agent both seller's and Buyer's broker/agent have this legal obligation.
- If seller doesn't provide the RPCDR, both seller and Broker/agent, each individually, still has the obligation to provide these notices required under law.
- Requirement isn't to give a list of places, the requirement is to remind buyer if they want this information they have to research this on their own.
- If either seller's or buyer's Broker/agent know information about the property on these topics, the Broker/agent is still not obligated to disclose, and only obligated to provide the statutory notice.
- This notice is already included in the CT REALTORS® Purchase and Sale Agreement

## Chapter 10 Discrimination and Fair Housing

### Discrimination and Fair Housing CT Real Estate Reg. Sec. 20-328-4a(a)

(a) A licensee shall neither deny equal professional services to any person nor be party to any plan or agreement to discriminate against a person or persons on the basis of race, creed, color, national origin, ancestry, sex, marital status, age, sexual orientation, lawful source of income, learning disability, mental retardation, mental disability, or physical disability, including, but not limited to, blindness or deafness. A licensee shall not violate any federal or state fair housing statute or regulation.

(b) No licensee shall participate in activities which constitute blockbusting or steering.

(c) A licensee shall place in all listing and buyer agency agreements a statement in the following form: This agreement is subject to the Connecticut General Statutes prohibiting discrimination in commercial and residential real estate transactions (C.G.S. Title 46a, Chapter 814c).

What does this mean?

- Federal fair housing laws set minimum standards, Connecticut has included the federal requirements and expanded on it to provide additional fair housing protections.
- Discrimination is prohibited under state fair housing laws for residential purchasers, sales and rentals based on the protected classes listed here. Federal fair housing laws will be covered next.
  - a. In CT while not expressly outlined in C.G.S., transgender people and pregnant women are protected classes. This means landlord, Broker or agent cannot discriminate based on these and cannot refuse to rent or sell to someone for these reasons.
- Broker/agent cannot participate in "blockbusting" or "steering", which are defined in CT Real Estate Regs. Sec. 20-328-1a. Definitions
  - (a) "Blockbusting" means to induce or attempt to induce a person to sell or rent a dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, creed, religion, color, national origin, ancestry, sex, familial status, marital status, age, sexual orientation, lawful source of income, learning disability, mental retardation or physical or mental disability, including but not limited to blindness or deafness;

(g) "Steering" means to restrict or attempt to restrict, because of race, creed, religion, color, national origin, ancestry, sex, familial status, marital status, age, sexual orientation, lawful source of income, learning disability, mental retardation or physical or mental disability, including but not limited to blindness or deafness, the choices of a person by word or conduct in connection with seeking, negotiating for, buying or renting a dwelling so as to perpetuate, or tend to perpetuate, segregated housing patterns, or to discourage or obstruct choices in a community, neighborhood or development.

- Agency agreement, must have the disclosure statement listed in sub(c). CT REALTORS® Agency contracts include this.

**Discrimination housing practices prohibited. Disposition of complaints. Penalty.  
C.G.S. §46a-64c(a)(1) thru (a)(3)**

(a) It shall be a discriminatory practice in violation of this section:

- (1) To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, creed, color, national origin, ancestry, sex, marital status, age, lawful source of income or familial status.
- (2) To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, creed, color, national origin, ancestry, sex, gender identity or expression, marital status, age, lawful source of income or familial status.
- (3) To make, print or publish, or cause to be made, printed or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, creed, color, national origin, ancestry, sex, marital status, age, lawful source of income, familial status, learning disability or physical or mental disability, or an intention to make any such preference, limitation or discrimination.

What does this mean?

- Fair housing laws also apply to how a property is advertised or marketed, Subsection (3). Outlines prohibited language in advertising.
- Please note source of income is a protected class in Connecticut – not all states have this as a protected class. This includes Section 8 and other state or federal subsidy and benefit payments.

**C.G.S. §46a-64c(a)(8)**

(a)(8) It shall be a discriminatory practice in violation of this section: To deny any person access to or membership or participation in any multiple-listing service, real estate brokers' organization or other service, organization, or facility relating to the business of selling or renting dwellings, or to discriminate against him in the terms or conditions of such access, membership or participation, on account of race, creed, color, national origin, ancestry, sex, marital status, age, lawful source of income, familial status, learning disability or physical or mental disability.

What does this mean?

- Can't deny including licensees access to MLS. MLS membership or impose additional limitation or requirements to use/access to MLS based on the protected fair housing classes.
- Broker/agent can't deny a client access to MLS for listing, buying or renting based on the protected fair housing classes.

**Discrimination housing practices prohibited. Disposition of complaints. Penalty.  
C.G.S. §46a-64c(a)(8)**

- Can't deny including licensees access to MLS. MLS membership or impose additional limitation or requirements to use/access to MLS based on the protected fair housing classes.
- Broker/agent can't deny a client access to MLS for listing, buying or renting based on the protected fair housing classes.

**Discrimination housing practices prohibited. Disposition of complaints. Penalty.  
C.G.S. §46a-64c(b)**

\*\* This section of the Connecticut General Statutes expressly outlines exceptions to the state Fair Housing laws.

(b)(1) The provisions of this section shall not apply to (A) the rental of a room or rooms in a single-family dwelling unit if the owner actually maintains and occupies part of such living quarters as his residence or (B) a unit in a dwelling containing living quarters occupied or intended to be occupied by no more than two families living independently of each other, if the owner actually maintains and occupies the other such living quarters as his residence.

(2) The provisions of this section with respect to the prohibition of discrimination on the basis of marital status shall not be construed to prohibit the denial of a dwelling to a man or a woman who are both unrelated by blood and not married to each other.

(3) The provisions of this section with respect to the prohibition of discrimination on the basis of age shall not apply to minors, to special discount or other public or private programs to assist persons sixty years of age and older or to housing for older persons as defined in section 46a-64b, provided there is no discrimination on the basis of age among older persons eligible for such housing.

(4) The provisions of this section with respect to the prohibition of discrimination on the basis of familial status shall not apply to housing for older persons as defined in section 46a-64b or to a unit in a dwelling containing units for no more than four families living independently of each other, if the owner of such dwelling resides in one of the units.

(5) The provisions of this section with respect to the prohibition of discrimination on the basis of lawful source of income shall not prohibit the denial of full and equal accommodations solely on the basis of insufficient income.

(6) The provisions of this section with respect to the prohibition of discrimination on the basis of sex shall not apply to the rental of sleeping accommodations to the extent they utilize shared bathroom facilities when such sleeping accommodations are provided by associations and organizations which rent such sleeping accommodations on a temporary or permanent basis for the exclusive use of persons of the same sex based on considerations of privacy and modesty.

**Discrimination housing practices prohibited. Disposition of complaints. Penalty.  
C.G.S. §46a-64c(9)(f)**



(f) Notwithstanding any other provision of this chapter, complaints alleging a violation of this section shall be investigated within one hundred days of filing and a final administrative disposition shall be made within one year of filing unless it is impracticable to do so. If the Commission on Human Rights and Opportunities is unable to complete its investigation or make a final administrative determination within such time frames, it shall notify the complainant and the respondent in writing of the reasons for not doing so.

What does this mean?

- Complaints for violating fair housing go to Connecticut Commission on Human Rights and Opportunities (“CHRO”) and the enforcement state agency is CHRO.
- The Connecticut Fair Housing Center also takes complaints and may investigate. They are able to file lawsuits on behalf of the alleged victims of discrimination.

**Discrimination housing practices prohibited. Disposition of complaints. Penalty.  
C.G.S. §46a-64c(9)(g)**

(g) Any person who violates any provision of this section shall be fined not less than twenty-five dollars or more than one hundred dollars or imprisoned not more than thirty days, or both.

What does this mean?

- State law fines are \$25-\$100, however federal fines are usually thousands of dollars.
- Litigation usually started which is separate and distinct and may be in addition to fines. Litigation is the expensive part because of the costs of litigation and any monies awarded to complainant (plaintiff)

## **Chapter 11 Escrow-trust Accounts (IORETA)**

**Brokers to maintain escrow or trust account for certain moneys held. Disputed Deposits.  
C.G.S. §20-324k(a)**

(a) Each broker licensed under the provisions of this chapter, who in the course of his real estate business receives, accepts and holds any moneys on behalf of any principal, client or other person shall at all times maintain a separate escrow or trust account, distinct from his own account, in a bank of his choice doing business in this state, for the deposit of all such moneys so received by him.

What does this mean?

- This statute governs how to establish and maintain a Broker escrow account.
- A broker who receives, accepts and holds money on behalf of anyone is required to put the full amount of the money into a separate bank account “in trust”.
- This escrow account must be a separate account from that of the general business bank account, thus the Broker will ultimately have two (2) bank accounts – one (1) for business operations and one (1) for escrow.
- The Broker may choose the bank or credit union for this escrow account but the bank must be doing business in Connecticut. Therefore this bank is either a federal chartered or a State of Connecticut chartered bank or credit union. It cannot be a chartered bank from a different state, such as MA, FL, NY, etc.
- The list of state chartered banks is on the CT Department of Banking website at [www.ct.gov/dob](http://www.ct.gov/dob).

- List of federal chartered banks is at: <http://www.occ.treas.gov/topics/licensing/national-bank-lists/index-active-bank-lists.html>
- For purposes of complying with this statute federal or CT state chartered credit unions do qualify as a permissible “bank” for an escrow deposit account.

**Brokers to maintain escrow or trust account for certain moneys held.**

**C.G.S. §20-324k(c)**

(c) Any broker who, in the course of his real estate business and in connection with any transaction, accepts from any principal, client or other person any moneys to which he is not personally and legally entitled, including, but not limited to, any down payment, earnest money, deposit, rental money, rental security deposit or other money to be held by him in trust, shall deposit such moneys in his escrow or trust account within three banking days of the date the agreement evidencing such transaction is signed by all necessary parties to such transaction, pending final legal disposition of such moneys in accordance with the instructions of the person legally entitled to such moneys.

What does this mean?

- First contract must be signed between buyer and seller or landlord and tenant.
- Then once contract is signed Broker must deposit the escrow money they have received within three (3) banking days of the date of the contract.

**Brokers to maintain escrow or trust account for certain moneys held.**

**C.G.S. §20-324k(d)**

(d) Upon motion, the court may order a party to an action who is a broker holding funds in trust in connection with a real estate transaction to deposit with the court certified funds in an amount not to exceed the funds held in trust. Conditioned upon the receipt of such certified funds, the court shall also order the dismissal of any claim against the broker which claim is based solely on the broker's role as stakeholder of such funds.

What does this mean?

When the escrow is in dispute and someone sues to get it paid over to them if Broker is included in that lawsuit (which is to be expected) the Court has authority to order the Broker (as Escrow Agent) to pay over to the Court in certified fund up to the full amount that is in dispute. Once the Broker as Escrow Agent complies with paying it over to the Court, the Court is required to dismiss the lawsuit against said Broker, as Escrow Agent. The lawsuit/dispute over who get the money shall continue between the disputing parties but without the Broker.

**Brokers to maintain escrow or trust account for certain moneys held.**

**C.G.S. §20-324k(e)**

(e) Any broker who willfully violates any provision of this section shall be fined not more than one thousand dollars or imprisoned not more than six months or both.

What does this mean?

- There are civil and criminal penalties of up to \$1,000 or a max of six (6) months imprisonment or both for “willfully” (knowingly) violating any part of this statute.

## Chapter 12 Federal CFPB

### CFPB (Consumer Financial Protection Bureau)/TRID

“TRID” is a new set of closing rules enacted by the CFPB that mortgage lenders must follow when lending a mortgage used to purchase a property or refinance a home loan. These rules don’t apply to HELOCs, cash transactions and 1031 exchanges that don’t use a mortgage loan to purchase/exchange.

The changes to the federal lending regulations (TRID) effective on October 3, 2015 may have a significant effect on closing procedures when purchasing a home.

The application process begins with the Loan Estimate. A Loan Estimate requested by a buyer on or after October 3, 2015 constitutes an application for a mortgage under the new rules.

#### **Note the impact on documents and pre-qualification letters.**

- Preapprovals and pre-qualifications require additional information at the time of application so the time the lender takes to provide that information may be several hours longer than in the past.
- There are streamlined documents – Four (4) documents have been turned into two (2), the Loan Estimate and the Closing Disclosure. Now, the documents your clients see after completing the loan application (Loan Estimate) and at closing (Closing Disclosure) mirror each other, so it’s easier to compare and notice any and all changes.

#### **Find out who provides the Closing Disclosure**

- Learn who will be preparing and providing the Closing Disclosure form, when and how your client can expect to receive it, and how any last-minute changes are handled.
- Previously HUD-1 Settlement Statements were most often provided by a settlement attorney. Lenders may choose to prepare and deliver the Closing Disclosure to your client directly through the mail, in-person, or electronically (if clients have been given permission for electronic delivery.)
- The lender is accountable for the accuracy of the Closing Disclosure and approves the final version.

#### **Your client must receive the Closing Disclosure at least three business days prior to closing.**

- Buyers who elect to receive the Closing Disclosure by email must either send back a “read receipt” when prompted upon opening the email, or sending a return email back to the lender expressly acknowledging they have received the document.
- **The three day clock cannot start ticking until the buyer has expressly confirmed they have received the Closing Disclosure from the lender.**
- Business days include Saturdays, but do not include Sundays or federal holidays.
- **Most settlement issues, such as adjustments to seller credits to account for repairs and fuel proration, that are currently addressed as late as the day of closing can continue to be handled at closing without requiring a new three-business-day review period.** The changes will still likely result in a revised Closing Disclosure that will be sent to the buyer, but the closing should be able to take place as scheduled.

#### **Only three changes require a new three-day review.**

- The APR (annual percentage rate) increases by more than 1/8 of a percent for regular loans (most fixed-rate loans) or 1/4 of a percent for irregular loans (most adjustable loans). Under the

rules a decrease in APR will not necessarily require a new three-day review; buyers need to check with their lenders about whether they require a new three day period if the APR decreases. Please note lenders have been required to provide a three-day review for these changes in APR since 2009, so this is not new.

- A prepayment penalty is added, making it expensive to refinance or sell.
- The basic loan product changes, such as a switch from fixed rate to adjustable interest rate or to a loan with interest-only payments.
- CT Realtors® provides a Broker ID form to assist in communicating necessary information that is required to be included on the Closing Disclosure form including Buyer and Seller's Broker information and license numbers.

## **Chapter 13**

### **Legal Entity Licensing**

#### **Licensing: C.G.S. §20-312**

(b) The practice of or the offer to practice real estate brokerage business in this state by individual licensed real estate brokers or real estate salespersons as a corporation, limited liability company or partnership, a material part of the business of which includes real estate brokerage, is permitted, provided (1) the personnel of such corporation, limited liability company or partnership who engage in the real estate brokerage business as real estate brokers or real estate salespersons, and the real estate brokers whose ownership, control, membership or partnership interest is credited toward the requirements of subdivision (3) of this subsection, are licensed or exempt from licensure under this chapter, (2) the corporation, limited liability company or partnership has been issued a real estate broker license by the commission as provided in this section and has paid the license or renewal fee required for a real estate broker's license as set forth in section 20-314, and (3) except for a publicly traded corporation (A) with respect to a corporation other than a nonstock corporation, one or more real estate brokers own or control fifty-one per cent or more of the total issued shares of the corporation, (B) with respect to a nonstock corporation, one or more real estate brokers constitute at least fifty-one per cent of the members of the nonstock corporation, (C) with respect to a limited liability company, one or more real estate brokers own or control at least fifty-one per cent of the interest in the limited liability company, as defined in section 34-101, or (D) with respect to a partnership, one or more real estate brokers' partnership interest, as defined in section 34-301, constitutes at least fifty-one per cent of the total partnership interest. No such corporation, limited liability company or partnership shall be relieved of responsibility for the conduct or acts of its agents, employees or officers by reason of its compliance with this section, nor shall any individual practicing real estate brokerage be relieved of responsibility for real estate services performed by reason of the individual's employment or relationship with such corporation, limited liability company or partnership. The Real Estate Commission may refuse to authorize the issuance or renewal of a license if any facts exist that would entitle the commission to suspend or revoke an existing license.

What does this mean?

- All Brokers, salespersons and staff of the Brokerage firm need to be appropriately licensed for the role and duties they have the Brokerage firm.
- If Brokerage firm is setup as an LLC business entity, no less than 51% of the LLC must be owned by a Connecticut licensed Broker.

Example: If a licensed Broker wants to set up a Brokerage firm as a LLC with another person who is not a licensed Broker, this is permissible. However, the ownership of the LLC must be divided as no less than 51% by licensed Broker and no more than 49% by person who is not licensed Broker.

## Licensing: C.G.S. §20-312(c)

(c) A corporation, limited liability company or partnership desiring a real estate broker license shall file with the commission an application on such forms and in such manner as prescribed by the Department of Consumer Protection. Each such corporation, limited liability company or partnership shall file with the commission a designation of at least one individual licensed as a real estate broker in this state who shall be in charge of the real estate brokerage business of such corporation, limited liability company or partnership in this state. Such corporation, limited liability company or partnership shall notify the commission of any change in such designation not later than thirty days after such change becomes effective.

What does this mean?

- The Brokerage firm needs to designate with the Department of Consumer Protection (“DCP”) at least one licensed Broker who is in charge of the Brokerage business and its day-to-day business operations.
- The Designated Broker is not required to be the same as the Broker owner, but it is permissible for the Designated Broker and the Broker-owner to be the same person.
- Changes to the Designated Broker needs to be reported to DCP within 30 days of the change occurring.

## Chapter 14 Record Retention Rules

### Real Estate Brokers to Retain Certain Real Estate Transaction Records. C.G.S. §20-325m

Any real estate broker licensed under the provisions of this chapter who engages in the real estate business, as defined in section 20-311, shall retain the following records for a period of not less than seven years after any real estate transaction closes, all funds held in escrow for such transaction are disbursed or the listing agreement or buyer or tenant representation agreement expires, whichever occurs later: (1) All purchase contracts, leases, options, written offers or counteroffers drafted by such broker or on behalf of such broker; (2) the listing agreement or buyer or tenant representation agreement, any extensions of or amendments to such agreements and any disclosures or agreements required pursuant to sections 20-325a to 20-325l, inclusive; and (3) all canceled checks, unused checks, checkbooks and bank statements for any escrow or trust account maintained pursuant to section 20-324k. Such records may be retained in any format, electronic or otherwise, capable of producing an accurate copy in paper format of the original document.

What does this mean?

- Broker must keep all written documents including Agreements, Disclosures, and financial documents pertaining to a real estate transaction for no less than 7 years. After the real estate transaction closes, escrow disbursed or Agency Agreement expires
- A “transaction” includes purchase, sale, exchange or lease. These records may be kept and stored in any format, including stored electronically, so long as the records may be provided in paper format upon request.
- If there was no transaction, but there were other documents such as Agency, these records must be kept for at least 7 years too.

## Chapter 15 Appraisals, BPOs, CMAs

**Certification or Provisional License requirement.  
C.G.S. §20-501**

No person shall act as a real estate appraiser or provisional appraiser or engage in the real estate appraisal business without the appropriate certification, license, limited license or provisional license issued by the commission, unless exempted by the provisions of sections 20-500 to 20-528, inclusive.

What does this mean?

- Broker/agent is prohibited from performing an “appraisal” as defined in §20-500(1), unless the Broker/agent has a valid, active appraiser’s license with Connecticut DCP.
  - CGS §20-500(1): "Appraisal" means the practice of developing an opinion of the value of real property, in conformance with the USPAP.
- Brokers/agents may perform a “market analysis” at the request of the property owner for the exclusive purpose of:
  - acquiring this property as a listing; or ]
  - Providing information to seller/landlord client as part of a current and active listing of the subject property; or
  - Providing information to prospective buyer/tenant clients.
- “Clients” mean Broker/agent has a valid and active agency agreement to represent client.
- Determination of value can only be called and deemed an “appraisal” when completed by a Connecticut licensed appraiser and not a Broker/agent.
- A Broker/agent cannot legally perform a determination of value and call it an “appraisal”.

**Chapter 16  
Broker Lien Law**

**Actions to Recover Commissions Arising Out of Real Estate Transactions. Real Estate Broker’s Lien for Real Property. Claim for Lien. Provisions re Commercial Real Estate Transactions.  
C.G.S. §20-325a**

**\*\*Very technical section. You may want to have the guidance of an attorney if considering doing this.\*\***

- Residential purchase and sale transaction covered by: C.G.S. §20-325a(a), (b), (d) – (f), (j) – (q)
- Commercial transactions covered by: C.G.S. §20-325a(c)
- Lease transactions covered by: C.G.S. §20-325a(g) – (i), (r)

(a) No person who is not licensed under the provisions of this chapter, and who was not so licensed at the time the person performed the acts or rendered the services for which recovery is sought, shall commence or bring any action in any court of this state, after October 1, 1971, to recover any commission, compensation or other payment with respect to any act done or service rendered by the person, the doing or rendering of which is prohibited under the provisions of this chapter except by persons duly licensed under this chapter.

What does this mean?

- Broker needs to be licensed at the time of performing real estate services for a client in order to enforce and recover a Broker commission. This may be enforced via court litigation against the client.

(b) No person, licensed under the provisions of this chapter, shall commence or bring any action with respect to any acts done or services rendered after October 1, 1995, as set forth in subsection (a), unless the acts or services were rendered pursuant to a contract or authorization from the person for whom the acts were done or services rendered. To satisfy the requirements of this subsection any contract or authorization shall: (1) Be in writing, (2) contain the names and addresses of the real estate broker performing the services and the name of the person or persons for whom the acts were done or services rendered, (3) show the date on which such contract was entered into or such authorization given, (4) contain the conditions of such contract or authorization, (5) be signed by the real estate broker or the real estate broker's authorized agent, (6) if such contract or authorization pertains to any real property, include the following statement: "THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES", and (7) be signed by the person or persons for whom the acts were done or services rendered or by an agent authorized to act on behalf of such person or persons, pursuant to a written document executed in the manner provided for conveyances in section 47-5, except, if the acts to be done or services rendered involve a listing contract for the sale of land containing any building or structure occupied or intended to be occupied by no more than four families, the listing contract shall be signed by the owner of the real estate or by an agent authorized to act on behalf of such owner pursuant to a written document executed in the manner provided for conveyances in section 47-5.

What does this mean?

To enforce a commission, in residential transaction, Broker must have had a valid and active Agency contract in place with client at time the real estate services were rendered. For residential transactions to have a viable Broker lien, the Agency contract between Broker and client must:

- Be in writing
- Contain the names and addresses of the real estate broker performing the services and the name of the person or persons for whom the acts were done or services rendered;
- Show the date on which such contract was entered into or such authorization given;
- Contain the conditions of such contract or authorization;
- Be signed by the real estate broker or the real estate broker's authorized agent;
- If such contract or authorization pertains to any real property, include the following statement: 'THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES'; \*Please note this statement is included in the CT REALTORS® Agency Contracts with the section titled "VII. Fees".
- Be signed by the person or persons for whom the acts were done or services rendered or by an agent authorized to act on behalf of such person or persons, pursuant to a written document executed in the manner provided for conveyances in section 47-5, except, if the acts to be done or services rendered involve a listing contract for the sale of land containing any building or structure occupied or intended to be occupied by no more than four families, the listing contract shall be signed by the owner of the real estate or by an agent authorized to act on behalf of such owner pursuant to a written document executed in the manner provided for conveyances in section 47-5.

### **C.G.S. §20-325a(c)**

(c) Notwithstanding the provisions of subsection (b) of this section, no person licensed under the provisions of this chapter shall commence or bring any action with respect to any acts done or services rendered after October 1, 2000, in a commercial real estate transaction, unless the acts or services were rendered pursuant to (1) a contract or authorization meeting the requirements of subsection (b) of this section, or (2) a memorandum, letter or other writing stating for whom the licensee will act or has acted, signed by the party for whom the licensee will act or has acted in the commercial real estate transaction, the duration of the authorization and the amount of any compensation payable to the licensee, provided

(A) the licensee provides written notice to the party, substantially similar to the following: "THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES", and (B) the notice is provided at or before the execution of the contract, authorization, memorandum, letter or other writing, and may be made part of the contract, authorization, memorandum, letter or other writing.

What does this mean?

To enforce a commission in commercial transaction, Broker must have had a valid and active Agency contract in place at time the real estate services were rendered. The contract between Broker and client must contain these items:

- Be in writing;
- Contain the names and addresses of the real estate broker performing the services and the name of the person or persons for whom the acts were done or services rendered;
- Show the date on which such contract was entered into or such authorization given;
- Contain the conditions of such contract or authorization;
- Be signed by the real estate broker or the real estate broker's authorized agent;
- If such contract or authorization pertains to any real property, include the following statement: 'THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES'; and
- Be signed by the person or persons for whom the acts were done or services rendered or by an agent authorized to act on behalf of such person or persons, pursuant to a written document executed in the manner provided for conveyances in section 47-5, except, if the acts to be done or services rendered involve a listing contract for the sale of land containing any building or structure occupied or intended to be occupied by no more than four families, the listing contract shall be signed by the owner of the real estate or by an agent authorized to act on behalf of such owner pursuant to a written document executed in the manner provided for conveyances in section 47-5.
- A contract or authorization; or a memorandum, letter or other writing stating for whom the licensee will act or has acted, signed by the party for whom the licensee will act or has acted in the commercial real estate transaction, the duration of the authorization and the amount of any compensation payable to the licensee, provided :
  - a. The licensee provides written notice to the party, substantially similar to the following: 'THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES', and
  - b. The notice is provided at or before the execution of the contract, authorization, memorandum, letter or other writing, and may be made part of the contract, authorization, memorandum, letter or other writing.

### **C.G.S. §20-325a(d)**

(d) Nothing in subsection (a) of this section, subdivisions (2) to (7), inclusive, of subsection (b) of this section or subsection (c) of this section shall prevent any licensee from recovering any commission, compensation or other payment with respect to any acts done or services rendered, if it would be inequitable to deny such recovery and the licensee (1) has substantially complied with subdivisions (2) to (7), inclusive, of subsection (b) of this section or (2) with respect to a commercial real estate transaction, has substantially complied with subdivisions (2) to (6), inclusive, of subsection (b) of this section or subdivision (2) of subsection (c) of this section.

What does this mean?



- If Broker is enforcing commission in Court, Court may use its discretion and award/allow Broker to be compensated if Court determines “it would be inequitable to deny such recovery” and also that Broker has “substantially complied” with the listed subsections.

### **C.G.S. §20-325a(e)**

(e) A licensed real estate broker who has performed acts or rendered services relating to real property upon terms provided for in a written contract or agreement between the broker and the owner or buyer for whom such acts were done or services rendered shall have a lien upon such real property. The lien shall be in the amount of the compensation agreed upon by the broker and the owner or buyer for whom such acts were performed or services rendered.

What does this mean?

- Lien can only be for a maximum amount of compensation agreed to in Agency contract between Broker and client.
- Please note this section allows for Broker to lien the property that is the subject of this transaction only, and Broker may only lien property owned by their own client at the time the lien is placed. Thus seller owns property before closing, buyer owns property after closing.

### **C.G.S. §20-325a(f)**

(f) Except as provided in subsections (g), (h) and (i) of this section, the lien provided for in this section shall not attach until the broker is entitled to compensation, without any contingencies, other than closing or transfer of title, under the terms set forth in the written listing or buyer representation contract and the broker has recorded the claim for lien prior to the actual conveyance or lease of such real property with the town clerk of the town where such property is located.

What does this mean?

- Thus recording without being entitled to compensation is not enough for lien to be enforceable.
- If a lien is already recorded, lien is valid once Broker has earned commission – all which means all contingencies satisfied. Lien is still valid if all that remains of transaction is the actual closing.

### **C.G.S. §20-325a(g)**

(g) Except as provided in subsection (h) of this section, when a broker is entitled to compensation in installments, a portion of which is due only after the conveyance or lease of the real property, any claim for lien for those payments due after the conveyance or lease may be recorded at any time subsequent to the conveyance or lease of the real property and prior to the date on which the payment is due but shall only be effective as a claim for lien against the real property to the extent moneys are still owed to the transferor or lessor by the transferee or lessee. A single claim for lien recorded prior to conveyance or lease of the real property claiming all moneys due under an installment payment agreement shall not be valid or enforceable as it pertains to payments due after the conveyance or lease. The lien shall attach as of the recording of the claim for lien.

What does this mean?

- This section applies to installment contracts, where Broker is entitled to payment in installments after property closes or lease is signed. Lien may be recorded before closing, but only effective as of the date due.

Example: If there are two (2) installment payments due before closing and four (4) due after closing, may use one (1) lien for the two (2) due before closing but need one (1) lien for the remaining installment payments due after the closing.

### **C.G.S. §20-325a(h)**

(h) In the case of a lease for real property where the broker's compensation will not be paid in installments, the claim for lien must be recorded no later than thirty days after the tenant takes possession of the leased premises unless written notice of the intended signing of the lease is delivered to the broker entitled to claim a lien by registered or certified mail, return receipt requested, or by personal service, at least ten days prior to the date of the intended signing of the lease for the real property in which case the claim for lien must be recorded before the date indicated for the signing of the lease in the notice delivered to the broker. The lien shall attach as of the recording of the claim for lien.

What does this mean?

- Leases:  
30 day limit when lien needs to be recorded after lease signed  
OR  
30 days after Broker who places the lien receives notice of intent to sign lease whichever is earlier.

### **C.G.S. §20-325a(i)**

(i) If a broker's written contract for payment is with a prospective buyer, then the lien shall attach only after the prospective buyer accepts the conveyance or lease of the real property and the claim for lien is recorded by the broker with the town clerk of the town in which the property is located. Any claim for lien shall be filed by the broker no later than thirty days after the conveyance or the tenant takes possession of the real property.

What does this mean?

- Buyer's/Tenant's Broker wants to lien for Buyer's/Tenant's non-payment of commission.  
Buyer's/Tenant's Broker may lien subject property within 30 days after buyer closes or 30 days after tenant takes possession.

### **C.G.S. §20-325a(j)**

(j) The broker shall serve a copy of the claim for lien on the owner of the real property. Service shall be made by mailing a copy of the claim for lien by registered or certified mail, return receipt requested, or by personal service upon the owner by any indifferent person, state marshal or other proper officer, by leaving with such owner or at the owner's usual place of abode a true and attested copy thereof. A copy of the claim for lien may be served at the same time as the notice required by subsection (r) of this section. The broker's lien shall be void and unenforceable if recording does not occur within the time period and in the manner required by this section.

What does this mean?

- Broker must serve client with a copy of the lien. This may be served by certified return receipt mail or served via a state marshal. Where service must be made and void if recording not made.
- Service must be made at owner's "usual place of abode" (where they live).

### **C.G.S. §20-325a(k)(1) and (2)**

(k) (1) A broker may bring suit to enforce a claim for lien in the superior court in the judicial district where the real property is located by filing a complaint and sworn affidavit that the claim for lien has been recorded in accordance with this section.

(2) A person claiming a lien shall, unless the claim is based upon an option to purchase the real property, within one year after recording the claim for lien, commence foreclosure by filing a complaint. Failure to commence foreclosure within one year after recording the lien shall extinguish the lien. No subsequent claim for lien may be given for the same claim nor may that claim be asserted in any proceedings under this section.

What does this mean?

- To enforce a recorded lien, the Broker must file and pursue a foreclosure action in Court within one (1) year of filing the lien on the land records. If one (1) year passes without filing a foreclosure, the lien is extinguished and unenforceable.

### **C.G.S. §20-325a(k)(3)**

(k) (3) A person claiming a lien based upon an option to purchase real property shall, within six months after the conveyance or lease of the real property under the exercise of the option to purchase, commence foreclosure by filing a complaint and a sworn affidavit that the claim for lien has been recorded in accordance with this section. Failure to commence foreclosure within six months after the conveyance or lease shall extinguish the claim for lien. No subsequent claim for lien may be given for the same claim nor may that claim be asserted in any proceedings under this section.

What does this mean?

- Rent with option at end. Option is elected. Broker must begin foreclosure within six (6) months of the option closing (the purchase closes). Thus the one (1) year rules doesn't apply, instead a six (6) month limit applies since lien may be on title from beginning of lease through to as long as six (6) months after option to purchase closes.

### **C.G.S. §20-325a(k)(4)**

(k)(4) The plaintiff shall issue summons and provide service as in actions to foreclose a mortgage. When any defendant resides out of the state or is temporarily located out of the state, or on inquiry cannot be found, or is concealed within this state so that process cannot be served on that defendant, the plaintiff shall cause a notice to be given to that defendant, or cause a copy of the complaint to be served upon that defendant, in the manner and upon the same conditions as in actions to foreclose a mortgage. Except as otherwise provided in this section, all liens claimed under this section shall be foreclosed in the manner in which mortgage foreclosures are conducted.

What does this mean?

- Broker must serve and pursue a foreclosure action following the procedural rules governing mortgage foreclosure actions.

### **C.G.S. §20-325a(l)**

(l) The claim for lien shall state the name of the claimant, the name of the owner, a description of the real property upon which the lien is being claimed, the amount for which the lien is claimed, and the real estate license number of the broker. The claim for lien shall contain a sworn statement by the signatory that the information contained in the notice is true and accurate to the knowledge of the signatory. The claim for lien shall be signed by the broker or the real estate broker's authorized agent.

What does this mean?

The list of requirements for what the lien must include:

- Name of property owner;
- Description of subject property;
- Dollar amount claimed as owed;
- Broker's real estate license number;
- Sworn statement by Broker; and
- Signed by Broker or authorized agent.

### **C.G.S. §20-325a(m)**

(m) Whenever a claim for lien has been recorded with the town clerk and a condition occurs that would preclude the broker from receiving compensation under the terms of the broker's written contract or agreement, the broker shall provide within thirty days of demand to the owner of record a written release or satisfaction of the lien.

What does this mean?

- This subsection applies when there is a bona fide defect in the lien.

### **C.G.S. §20-325a(n)**

(n) Upon written demand of the owner or the owner's authorized agent, served on the broker claiming the lien requiring suit to be commenced to enforce the lien, a suit shall be commenced within forty-five days thereafter or the claim for lien shall be extinguished. Service of any such written demand shall be by registered or certified mail, return receipt requested, or by personal service upon the broker by any indifferent person, state marshal or other proper officer, by leaving with such broker or at the broker's usual place of abode a true and attested copy thereof.

What does this mean?

- Owner may serve notice on the Broker placing the lien to request Broker enforce the lien or in other words to request Broker start a foreclosure action to enforce the lien . The date Broker receives service of this request, Broker must file foreclosure within 45 days and if Broker does not then the lien is extinguished effective day 46.

### **C.G.S. §20-325a(o)**

(o) Whenever a claim for lien has been recorded with the town clerk and is paid, or where there is failure to foreclose to enforce the lien within the time provided by this section, the broker shall acknowledge satisfaction or release the claim for lien, in writing, on written demand of the owner within thirty days after payment or expiration of the time in which to commence foreclosure on the lien.

What does this mean?

- If lien expires after one (1) year of recording due to not filing a foreclosure to enforce the lien, Broker must provide owner with release of lien or satisfaction of lien within 30 days of expiration.

- Broker must provide release and/or satisfaction within 30 days of receiving payment of lien.

**C.G.S. §20-325a(p)**

(p) Except as otherwise provided in this section, whenever a claim for lien has been recorded with the town clerk that would prevent the closing of a conveyance or lease, an escrow account shall be established from the proceeds of the conveyance or lease in the amount of the compensation agreed upon by the parties. Upon the establishment of the escrow account the broker shall immediately release the claim for lien. The establishment of an escrow account, as provided for in this section, shall not be the sole cause for the owner to refuse to complete the conveyance or lease. The moneys shall be held in escrow by the attorney for the lessor in the case of a lease for real property, and by the attorney for the owner in the case of the actual conveyance or lease of such real property, until the parties' rights to the escrowed moneys have been determined by the written contract or agreement of the parties, a determination by the Superior Court, or some other process which may be agreed to by the parties. When there are sufficient funds in the amount of the claimed lien, there shall be a release of the claim for lien which would allow completion of the conveyance or lease on such terms as are acceptable to the parties involved in the conveyance or lease. If the proceeds from the conveyance or lease are insufficient to release all liens claimed against the real property, including the broker's claim for lien, then the parties are not required to establish the escrow account under this section.

What does this mean?

1. Need to setup an escrow for the Broker Lien;
2. Need a written agreement or contract of compensation for the amount of the Broker Lien such as a commission statement or Agency Agreement;
3. When 1 and 2 are completed, Broker who filed the lien must release the lien;
4. Conveyance of property
  - a. Seller cannot prevent or stop conveyance (closing) because Broker filed a Broker Lien on the property. Exception: if the closing proceeds are not enough to release all liens on title at closing including the Broker Lien, the seller's attorney is not required to set up an escrow for the Broker Lien.

Exception: if the closing proceeds are not enough to release all liens on title at closing including the Broker Lien, the seller's attorney is not required to set up an escrow for the Broker Lien.

The requirement for Broker to release the lien is only where a Broker Lien escrow has been established. If seller's and buyer's attorney won't or parties won't agree – no requirement for the Broker Lien to be released.

**C.G.S. §20-325a(q)**

(q) The provisions of subsections (a) and (b) of this section shall not apply to any (1) person excepted from the provisions of this chapter by section 20-329 with respect to any acts performed by the person which are included in such exception; or (2) real estate broker or real estate salesperson who has provided services to the federal government, any political subdivision thereof, or any corporation, institution or quasi-governmental agency chartered by the federal government.

What does this mean?

- Broker Lien is not available if Broker's client is the federal government or a political subdivision thereof.

**C.G.S. §20-325a(r)**

(r) No broker is entitled to claim any lien under this section unless (1) after the broker is entitled to compensation, without contingencies other than closing or transfer of title, under the terms set forth in the written contract and not later than three days prior to the later of the date of the conveyance or lease as set forth in the real estate sales contract or lease or the actual date of the conveyance or the date when the tenant takes possession, the broker gives written notice of the claim for lien to the owner of the real property and to the prospective buyer or tenant that the broker is entitled to compensation under the terms set forth in the written contract and intends to claim a lien on the real property, or (2) the broker is unable to give written notice pursuant to subdivision (1) of this subsection because the identity of the prospective buyer or tenant cannot be ascertained by the broker after due diligence and reasonable effort. The notice shall be served upon the owner and upon the prospective buyer or tenant by any indifferent person, state marshal or other proper officer, by leaving with such owner and prospective buyer or at their usual places of abode a true and attested copy thereof. When there are two or more owners, or two or more prospective buyers, the notice shall be served on each owner and on each prospective buyer unless the identity of the prospective buyer cannot be ascertained by the broker after due diligence and reasonable effort.

What does this mean?

- Broker must serve a Notice of Intent to Lien to the property owner before placing the Lien. This is in addition to having a copy of the lien served on the owner, as required by subsection (j) of this statute.
- The Notice to the owner and the copy of the Lien may be served on the owner at the same time. This Notice of Intent to Claim Lien must be served on every seller and every potential buyer properly; versus a copy of the Lien required under (j) must only be given to the owner of the property (i.e. usually owner is seller).

## **Chapter 17**

### **Real Estate Guaranty Fund**

Real Estate Guaranty Fund.  
C.G.S. §20-324a

The commission shall establish and maintain a Real Estate Guaranty Fund from which, subject to the provisions of sections 20-324a to 20-324j, inclusive, any person aggrieved by any action of a real estate broker or real estate salesperson, duly licensed in this state under section 20-312, by reason of the embezzlement of money or property, or money or property unlawfully obtained from any person by false pretenses, artifice, trickery or forgery or by reason of any fraud, misrepresentation or deceit by or on the part of any such real estate broker or real estate salesperson or the unlicensed employee of any such real estate broker, may recover, upon approval by the commission of an application brought pursuant to the provisions of section 20-324e, compensation in an amount not exceeding in the aggregate the sum of twenty-five thousand dollars in connection with any one real estate transaction or claim, regardless of the number of persons aggrieved or parcels of real estate involved in such real estate transaction or claim.

What does this mean?

- The Fund is available to anyone financially aggrieved by a duly licensed Connecticut Broker or salesperson or their unlicensed employee up to a max pay out of \$25,000 per real estate transaction or claim.
- This is in place to protect the consumer and other law abiding licensees so they can receive compensation or reimbursement when they have been financially harmed.

**Procedure.**

**C.G.S. §20-324e(a)**

(a) When any aggrieved person commences any action for a judgment which may result in collection from the Real Estate Guaranty Fund, the aggrieved person shall notify the commission in writing to this effect at the time of the commencement of such action. Such written notice shall toll the time for making application to the commission pursuant to section 20-324d. The commission shall have the right to enter an appearance, intervene in or defend any such action and may waive the required written notice for good cause shown.

**Limitation of Actions.**

**C.G.S. §20-324d**

The Statute of Limitations is two (2) years from date of judgment or expiration of appeal period whichever is later.

**Payment from guaranty fund.**

**C.G.S. §20-324h**

When the commission has caused to be paid from the Real Estate Guaranty Fund any sum to the judgment creditor, the commission shall be subrogated to all of the rights of the judgment creditor up to the amount paid, and the judgment creditor shall assign all of his right, title and interest in the judgment up to such amount paid to the commission, and any amount and interest recovered by the commission on the judgment shall be deposited to the fund.

What does this mean?

- Once the Connecticut Real Estate Commission pays out to the aggrieved party from the Real Estate Guaranty Fund, the CT Real Estate Commission may recover that expenditure from the debtor/defendant to “pay back” the guaranty fund.

**Chapter 18**

**Federal RESPA Rules/Prohibitions – “Real Estate Settlement Procedures Act”**

**RESPA 12 USC 2602**

Sec. 2602. Definitions

For purposes of this chapter-- (1) the term “**federally related mortgage loan**” includes any loan (other than temporary financing such as a construction loan) which—

(A) is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families, including any such secured loan, the proceeds of which are used to prepay or pay off an existing loan secured by the same property; and (B)(i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is regulated by any agency of the Federal Government, or (ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or (iii) is intended to be sold by the originating lender to the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage

Corporation, or a financial institution from which it is to be purchased by the Federal Home Loan Mortgage Corporation; or (iv) is made in whole or in part by any "creditor", as defined in section 1602(f) of title 15, who makes or invests in residential real estate loans aggregating more than \$1,000,000 per year, except that for the purpose of this chapter, the term "creditor" does not include any agency or instrumentality of any State;

(2) the term "**thing of value**" includes any payment, advance, funds, loan, service, or other consideration; (3) the term "Settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, the following: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate agent or broker, the origination of a federally related mortgage loan (including, but not limited to, the taking of loan applications, loan processing, and the underwriting and funding of loans), and the handling of the processing, and closing or settlement; (4) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company; (5) the term "person" includes individuals, corporations, associations, partnerships, and trusts; (6) the term "Secretary" means the Secretary of Housing and Urban Development;

(7) the term "**affiliated business arrangement**" means an arrangement in which (A) a person who is in a position to refer business incident to or a part of a real estate settlement service involving a federally related mortgage loan, or an associate of such person, has either an affiliate relationship with or a direct or beneficial ownership interest of more than 1 percent in a provider of settlement services; and (B) either of such persons directly or indirectly refers such business to that provider or affirmatively influences the selection of that provider; and (8) the term "associate" means one who has one or more of the following relationships with a person in a position to refer settlement business: (A) a spouse, parent, or child of such person; (B) a corporation or business entity that controls, is controlled by, or is under common control with such person; (C) an employer, officer, director, partner, franchisor, or franchisee of such person; or (D) anyone who has an agreement, arrangement, or understanding, with such person, the purpose or substantial effect of which is to enable the person in a position to refer settlement business to benefit financially from the referrals of such business.

### **Sec. 2603. Uniform settlement statement**

(a) The Secretary, in consultation with the Administrator of Veteran's Affairs, the Federal Deposit Insurance Corporation, and the Director of the Office of Thrift Supervision, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such variations as may be necessary to reflect differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize all charges imposed upon the borrower and all charges imposed upon the seller in connection with the settlement and shall indicate whether any title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. The Secretary may, by regulation, permit the deletion from the form prescribed under this section of items which are not, under local laws or customs, applicable in any locality, except that such regulation shall require that the numerical code prescribed by the Secretary be retained in forms to be used in all localities. Nothing in this section may be construed to require that that part of the standard form which relates to the borrower's transaction be furnished to the seller, or to require that that part of the standard form which relates to the seller be furnished to the borrower.

(b) The form prescribed under this section shall be completed and made available for inspection by the borrower at or before settlement by the person conducting the settlement, except that (1) the Secretary may exempt from the requirements of this section settlements occurring in localities where the final



settlement statement is not customarily provided at or before the date of settlement, or settlements where such requirements are impractical and (2) the borrower may, in accordance with regulations of the Secretary, waive his right to have the form made available at such time. Upon the request of the borrower to inspect the form prescribed under this section during the business day immediately preceding the day of settlement, the person who will conduct the settlement shall permit the borrower to inspect those items which are known to such person during such preceding day.

## **RESPA 12 USC 2604**

### Sec. 2604. Special information booklets

#### (a) Distribution by Secretary to lenders to help borrowers

The Secretary shall prepare and distribute booklets to help persons borrowing money to finance the purchase of residential real estate better to understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

#### (b) Form and detail; cost elements, standard settlement form, escrow accounts, selection of persons for settlement services; consideration of differences in settlement procedures

Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language -

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 2603 of this title;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement. Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

#### (c) Estimate of charges

Each lender shall include with the booklet a good faith estimate of the amount or range of charges for specific settlement services the borrower is likely to incur in connection with the settlement as prescribed by the Secretary.

#### (d) Distribution by lenders to loan applicants at time of receipt or preparation of applications

Each lender referred to in subsection (a) of this section shall provide the booklet described in such subsection to each person from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided by delivering it or placing it in the mail not later than 3 business days after the lender receives the application, but no booklet need be provided if the lender denies the application for credit before the end of the 3-day period.

(e) Printing and distribution by lenders of booklets approved by Secretary. Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

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(e) Printing and distribution by lenders of booklets approved by

Secretary Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

What does this mean?

- RESPA prohibits giving compensation or other thing of value in exchange for the referral of closing business.
- It applies to everyone in the real estate industry and associated settlement and closing services businesses and professionals.
- RESPA is designed to protect the consumer from paying higher closing/settlement costs as a result of collusion between settlement service providers, and also to help ensure consumers have the ability/option to choose the settlement service provider with whom they do business.

Examples: Here are some of the most common RESPA-related scenarios the National Association of REALTORS®, Inc. has compiled based on REALTORS®' experiences during the course of conducting their real estate business:

- 1) QUESTION: A real estate agent is sponsoring an open house for other agents. A local title agency reimburses the real estate agent for the cost of a luncheon and the title agency does not market its title services at the open house. Is this a violation of Section 8 of RESPA?

ANSWER: Yes, this is a violation of RESPA. By reimbursing the real estate agent for the cost of the luncheon, the title agency has given the real estate agent a thing of value in consideration for the referral of business. Both the title agency and the real estate agent could be held responsible for the RESPA violation. If, however, the title company attends the open house to make a presentation or to otherwise market its services, such payments may be lawful under RESPA.

- 2) QUESTION: A real estate broker and a mortgage lender agree to jointly place a full-page advertisement in a local newspaper. Each company gets exactly one-half of the page to advertise its services. Each company pays one-half of the cost of the advertisement. Is this a violation of Section 8 of RESPA?

ANSWER: No, this appears to comply with RESPA. As long as the advertising costs paid by each party are reasonably related to the value of the goods or services received in return (i.e., the amount of advertising), no violation exists. In the past, HUD stated that “[n]othing in RESPA prevents joint advertising[,]” but “if one party is paying less than a pro rata share for the brochure or advertisement, there could be a RESPA violation.” Without guidance to the contrary, we assume the CFPB would agree with HUD’s statement.

- 3) QUESTION: A mortgage lender devises a contest among local real estate agents where the real estate agent who refers the most customers to the lender will receive a vacation cruise to Alaska. Is this a violation of Section 8 of RESPA?

ANSWER: Yes, this is a violation of RESPA. The vacation cruise is a thing of value in exchange for the referral of business and violates Section 8’s anti-kickback provisions. Both the mortgage lender and the real estate professionals can be held responsible for the violation under RESPA.

- 4) QUESTION: A settlement provider conducts real estate closings in the conference room of the real estate broker with the expectation that the real estate broker will refer closing business to the settlement agent. The settlement agent pays fair market value to rent the conference room for each closing. Is this a violation of Section 8 of RESPA?

ANSWER: No, this appears to comply with RESPA. A settlement service provider may rent a conference room or other office space from another settlement service provider, as long as it pays fair market value to rent the space. Fair market value should be based on what a non-

settlement service provider would pay for the same amount of space and services in the same or a comparable building.

- 5) QUESTION: A real estate broker pays its real estate agents \$20 for each referral the agents make to the real estate broker's affiliated mortgage company. Is this a violation of Section 8 of RESPA?

ANSWER: Yes, this is a violation of RESPA. Although RESPA provides an exception for payments made from an employer to its employees, payments between a real estate broker and its salespeople do not qualify for this exception. Real estate professionals are considered independent contractors, rather than employees of the real estate broker. As a result, the \$20 payments described above constitute payments in return for the referral of business in violation of RESPA.

- 6) QUESTION: A homeowner's insurance company gives a real estate broker marketing materials, such as desk calendars, pens, and notepads, all of which promote the homeowner's insurance company's name. Is this a violation of Section 8 of RESPA?

ANSWER: No, this appears to comply with RESPA. RESPA regulations provide an exception to Section 8 for normal promotional and educational activities that are not conditioned on the referral of business and that do not defray expenses that otherwise would be incurred by persons in a position to refer settlement service business.

- 7) QUESTION: Do RESPA's prohibitions on referral fees apply to all settlement service providers?

ANSWER: Yes, RESPA applies equally to all settlement service providers and does not distinguish among different types of settlement providers. A settlement service includes any service provided in connection with a real estate settlement including, but not limited to, title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, home warranty companies, services rendered by a real estate professional, the origination of a federally related mortgage loan, and the handling of the processing and closing or settlement. This list is broad, but not all-inclusive.

- 8) QUESTION: Can a title/mortgage company sponsor a luncheon for real estate professionals and offer CLE?

ANSWER: Maybe—this would need to be evaluated on a case-by-case basis. A title company or mortgage company can sponsor an educational event as a way to promote its services, so long as the costs associated with the event do not defray expenses that the real estate agent would otherwise encounter and are not conditioned on the referral of business. Note, however, that a rule of reason should be applied. An educational event hosted by a mortgage lender that was held at a local hotel and provided a lunch would be quite different from an educational event held in Hawaii in which one hour was dedicated to education and the remainder of the event was directed toward recreation. Additionally, the title/mortgage company would need to be promoting its services during the event as well in order to qualify for the advertising exception.

- 9) QUESTION: In my business model, I pair buyers with real estate professionals in different geographical areas based upon information I received from consumers and from participating real estate professionals. I receive a referral fee from the other broker when a deal settles (I am a licensed broker). Can I expand my business model to pair real estate agents with mortgage brokers (and collect a fee) without violating RESPA?

ANSWER: No, this would violate RESPA. Section 8(c) of RESPA contains exceptions to RESPA's prohibitions on kickbacks. One of the exceptions is cooperative fees paid between real estate licensees, including referral fees. However, no such exception exists for payments made to mortgage brokers and so this would not be a permissible practice.

10) QUESTION: Is it a RESPA violation for the agent to refer her clients to the Bank's loan officer knowing that her receipt of future REO listings from the Bank may be dependent on the referrals she sends to the Bank?

ANSWER: Yes, this may violate RESPA. Section 8(a) prohibits payments for referrals, and providing a listing in exchange for referrals is a thing of value. It also requires an agreement between the parties for the referral arrangement, but this arrangement can be implied from the conduct of the parties and does not necessarily need to be reduced to writing. If the conduct of the parties could demonstrate that there was a referral arrangement, then this would violate RESPA. For example, if it could be shown that the REO listings given to the real estate professional was in direct proportion to the number of referrals received by the real estate professional, then it is likely that an agreement could be implied and this would violate RESPA.

11) QUESTION: A real estate broker charges a seller a \$250 administrative fee and does not split the fee with anyone. Is this a violation of Section 8 of RESPA?

ANSWER: No, according to the U.S. Supreme Court, this is not a violation of RESPA. In *Freeman v. Quicken Loans*, the Supreme Court held that a single party cannot violate Section 8(b) of RESPA with its own, unilateral charges.

12) QUESTION: A mortgage lender occupies an office in a real estate broker's business in order to prequalify customers for mortgage financing. Occasionally, real estate agents take loan applications from their customers and receive \$40 in return for each application. Is this a violation of Section 8 of RESPA?

ANSWER: Yes, this may be a violation of RESPA, according to HUD. Although the CFPB is now responsible for RESPA, HUD took the position that to be compensated as a mortgage broker; a person must take a loan application and perform at least five additional services in order to receive payment. Thus, assuming the CFPB agrees with HUD's position, if a real estate agent takes the loan application, but does not perform any other function; he or she cannot receive payment under RESPA.

13) QUESTION: "A" is a real estate broker who refers business to its affiliate title company "B." "A" provides its customers with an affiliated business disclosure that lists the range of charges that "B" will charge for title services, states that "A" has a financial interest in "B," and notifies the customer that he or she is not required to use "B" for title services. Does this violate Section 8 of RESPA?

ANSWER: No, this complies with RESPA. The referrer of business to an affiliated entity is required to provide a written disclosure to each consumer that identifies the affiliated relationship, provides the charges or range of charges that the joint venture generally charges, and notifies the consumer that he or she is not required to use the affiliated business.

14) QUESTION: A prospective buyer's credit union has told her that in order to qualify for a special package of services, she must use certain settlement service providers, including specific real

estate professionals. Does RESPA allow this? Also, the real estate professionals appear to be required to rebate a portion of their commission to the buyer through this program- can real estate professionals provide such a rebate?

ANSWER: Yes, those arrangements could be legal under Section 8 of RESPA. The credit union can offer the consumer a package of settlement services at a reduced cost to the consumer if the consumer elects to use certain settlement service providers for settlement services, even if those providers are affiliates of the credit union. The credit union also could require a consumer to use a particular provider for settlement services without the offering of a discount, as long as the credit union and settlement service provider are not affiliates. However, the credit union cannot require the consumer to use an affiliate settlement service provider. The credit union's offering of a package of services at a discount tied to the use of an affiliate provider is not considered required use, as long as the consumer is notified of his/her option to shop for settlement services and the discount is a true discount to the consumer that is not made up elsewhere in the cost of the transaction. A real estate professional can also agree to rebate a portion of his/her commission to a consumer. However, note that some states do have laws prohibiting the payments of rebates to unlicensed individuals, and so this would not be legal in those jurisdictions.

15) QUESTION: A seller has stated that in order for an offer to be accepted, a buyer must agree to pay for a title company selected by the seller. Doesn't that violate RESPA? What if the seller required the buyer to pay for a third-party short sale negotiator? What if the seller was bank-owned REO?

ANSWER: Yes, this does violate RESPA. Section 9 of RESPA prohibits a seller from requiring the use of a particular title insurance company when the buyer will pay for the title insurance. This prohibition applies to any seller, whether a private individual, a home builder, or a lender with REO properties. This prohibition also applies only when the buyer will pay for the cost of title insurance. If a seller were to pay the full cost of title insurance on the buyer's behalf, the seller could require that the title insurance be issued by a particular company. Finally, this prohibition only applies to title insurance. It does not prohibit a seller, for instance, from requiring a buyer to pay for a particular third-party short sale negotiator, as long as that negotiator is not also the company issuing title insurance or the seller's affiliate company. It also does not prohibit a seller from requiring a buyer to use a particular settlement or escrow company, as long as the settlement agent does not control the issuance of title insurance and is not the seller's affiliate company.

16) QUESTION: Is it permissible, under RESPA, for a buyer's lender to say they won't finance the transaction based solely on the amount of the commission the real estate brokers are to receive, even though the commission is being paid by the Seller?

ANSWER: RESPA does not regulate the amounts that settlement service providers can receive, and so would not address this practice.

# Contracts

## EXPLANATION OF INDEPENDENT CONTRACTOR AGREEMENT

## TERMS

This Independent Contractor Agreement form is revised as of February, 2014. As revised, this form agreement incorporates the contract provisions required by Connecticut Public Act No. 91-364 in order to define real estate brokers and salesperson as independent contractors instead of employees under the Connecticut Workers' Compensation Act. The revised form Agreement continues to include the safe harbor provisions for defining brokers and salespersons as independent contractors for federal tax purposes.

**All parties using the form Independent Contractor Agreement should review it thoroughly before such use.** Because this form Agreement is intended to comply with the requirements of federal and state laws noted above, **you should consult your own attorney before making any changes to this form Agreement.**

### INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is by and between \_\_\_\_\_  
(hereinafter called the "Broker") and \_\_\_\_\_  
(hereinafter called the "Salesperson").

### INTRODUCTION

The Broker is licensed and authorized to act as a real estate broker in the State of Connecticut and is a member of the Board of \_\_\_\_\_ REALTORS®, Inc., the Connecticut Association of REALTORS®, Inc. and the National Association of REALTORS®, Inc.

The Salesperson is licensed and authorized to act as a real estate salesperson or broker in the State of Connecticut.

The Broker operates a real estate brokerage business, maintains an office open to the public for that purpose, and enjoys the reputation of fair dealing with and the goodwill of the public.

### SAMPLE INDEPENDENT CONTRACTOR AGREEMENT

The Salesperson wishes to be affiliated with the Broker as an independent contractor for the purpose of brokering the leasing, sale and purchase of real estate.

In the consideration of their mutual promises, the parties agree to the terms set forth in this Agreement.

1. **Relationship of the Parties.** The relationship of the Salesperson to the Broker is that of an independent contractor. The Broker shall have the right to determine the services which the Salesperson shall perform, except to the extent provided in Section 7 (Affirmative Action) of this Agreement, the Broker shall not have the right to control the manner in which the Salesperson performs such services, including the manner in which the Salesperson: (i) handles leads and prospects (including those assigned to him/her by the Broker); (ii) secures and markets listings; and (iii) conducts negotiations. The Salesperson shall be deemed to be a qualified real estate agent under Section 3508 of the Internal Revenue Code of 1986, as amended from time to time, and shall be treated as an independent contractor and not as an employee, servant or partner of the Broker for federal tax purposes or for any other purposes including, without limitation, for the purpose of determining the Salesperson's eligibility for any benefits under the workers' compensation laws of any state.

2. **Obligations of the Broker.** The Broker:

(a) Shall make available to the Salesperson all current office listings, except those which the Broker may from time to time place with another licensee;

(b) Shall provide a desk, phone and clerical services, to be shared by the Salesperson with other licensees, take phone messages relating to the Salesperson's work under this Agreement, and may provide additional office facilities and supplies for the use of the Salesperson;

(c) Shall provide advice and assistance in connection with the Salesperson's work under this Agreement; and

(d) Shall share any benefits the Broker enjoys as a member of a Local, State or National Association of REALTORS®, if permitted to do so by the respective association.

3. **Salesperson's Obligations.** The Salesperson shall:

(a) At all times maintain a valid Connecticut real estate salesperson or broker license;

(b) Use his/her best efforts to promote the Broker's business, including efforts to sell or rent all property listed with the Broker, obtain and market new listings, and develop and work with leads and prospects;

(c) Use his/her best efforts to develop and

maintain his/her goodwill and reputation for fair dealing within the community, as well as the goodwill and reputation of the Broker; and

(d) Advise the Broker immediately of any threatened or pending action or proceeding related to the Salesperson's work for the Broker before an association of REALTORS®, a state agency or any court.

4. **Compensation.** All remuneration for the services performed by the Salesperson under this Agreement shall be directly related to sales or other output, including the performance of services. The Salesperson shall not receive any remuneration related to the number of hours worked. The Broker shall compensate the Salesperson according to the terms set forth in this Section 4.

(a) **Schedule I.** The Salesperson shall be paid commissions for his/her services performed under this Agreement after the deduction of all expenses pursuant to Section 6 hereof, at the rates set forth in Schedule I, attached to and made a part of this Agreement. [Note: In order to avoid any misunderstandings, Schedule I should be as specific as possible, outlining exactly what duties the Salesperson is expected to perform and exactly how the Salesperson will be paid for each of the duties.

(b) **Special arrangements.** In a transaction in which the Salesperson obtains the listing, any deviations from the rates set forth in Schedule I shall be agreed upon by the Broker and the Salesperson. For any listing of the Broker which the Broker assigns to the Salesperson, the Broker shall notify the Salesperson of any deviations from the rates set forth in Schedule I.

(c) **Joint Servicing.** If two or more salespersons participate in a service, or claim to have done so, the amount of the commission beyond that accruing to the Broker shall be divided between the salespersons according to an agreement between them, or in the absence of an agreement, as determined by the Broker.

(d) **Payment.** All commissions shall be paid to the Broker. The Salesperson shall immediately turn over to the Broker the full amount of any and all commissions collected by the Salesperson. The Salesperson shall be paid a commission based on the Salesperson's gross sales, if any, without deduction for taxes. The Broker shall distribute the Salesperson's commission as soon as practicable after receipt of payment. In no event shall either party be liable for any commission payment to the other party until such commission is received.

5. **Additional Terms.** In addition to any



other terms of this Agreement, the Salesperson shall be permitted to: (i) work any hours the Salesperson chooses; and (ii) work either out of the Salesperson's home or at the Broker's office. Subject to laws applicable to real estate brokers and salespeople, the Salesperson shall also be free to engage in outside employment, subject to the limitations found in Connecticut license law, but bound by the confidentiality provisions set forth in Section 11.

6. **Expenses.** The Broker shall not be liable to the Salesperson for any expense incurred by the Salesperson. Expenses which may, by reason of necessity, be payable from a commission or the attempt to collect a commission (such as attorney's fees, costs, documentary stamps, abstracts and the like) shall be paid by the parties in the same proportion as provided for in the division of the commission, pursuant to Schedule I to this Agreement. The Salesperson shall pay all other expenses necessary or related to the conduct of his/her services under this Agreement including, without limitation, automobile, travel, transportation for prospects, entertainment costs, club dues, state or city occupational taxes applicable to that portion of any commission paid to the Salesperson, license fees and taxes, and assessments or dues by a board of REALTORS®.

7. **Affirmative Action.** The Broker and the Salesperson both desire to promote fair housing and equal opportunity in housing. Therefore, the Salesperson shall perform his/her obligations under this Agreement in compliance with: (i) federal and state fair housing laws; (ii) the regulations and rules of federal and state agencies responsible for fair housing; and, (iii) Article 10 of the Code of Ethics of the National Association of REALTORS®, Inc. The Salesperson shall make a diligent effort to remain knowledgeable about current fair housing laws, regulations and guidelines.

8. **Agreements.** The Broker hereby specifically appoints the Salesperson as the agent of the Broker solely for the purpose of executing, on behalf of the Broker, any property listing agreements, buyer representation agreements or such other agreements as may relate to such listing agreements and buyer representation agreements. The Salesperson shall take all listings and buyer representation agreements in the name of the Broker and shall file such listings and buyer representation agreements with the Broker immediately after receipt. All listings and buyer representation agreements shall be and remain the exclusive property of the Broker.

9. **Advertising and Marketing.** The

Broker advertises publicly and the Salesperson agrees that the Broker may include the Salesperson's name, photograph and/or sales history or performance in such advertisements when deemed appropriate by the Broker to do so. Any public advertising or marketing placed or performed by Salesperson shall conform to the requirements of any federal or state law regulating such advertising or marketing.

Broker and Salesperson agree that any photographs, videos, virtual tours, brochures, marketing materials or other work concerning properties listed with Broker, and any derivative works, of which Salesperson is the author, shall be considered "work made for hire" and the copyright or other intellectual property rights thereto shall belong to the Broker. Upon termination of affiliation, Salesperson shall be entitled to reimbursement for the out-of-pocket costs actually paid by Salesperson to create such works if Broker opts to continue to use such work.

10. **Non-Interference.** The Salesperson shall not contact or otherwise interfere with any leads or prospects of the office that the Broker assigns to other licensees affiliated with the Broker. The Salesperson understands that the Broker may make these assignments to promote the orderly conduct of the business and that any licensee who obtains such an assignment, together with the Broker, shall have the exclusive right to work with the assigned lead or prospect while the assignment is in effect. The Salesperson may also have knowledge of the leads and prospects developed by other licensees affiliated with the Broker. The Salesperson shall not contact or otherwise actively solicit such leads and prospects without the prior written consent of the licensee who developed them and the Broker.

11. **Confidentiality.** The Salesperson understands that he/she may have access to information of the Broker which is not generally known to the public, including, without limitation, office files, client, customer, prospect leads and investor lists, and commission rates. The Salesperson shall keep such information strictly confidential and shall not disclose such information to any person, firm or corporation not affiliated with the Broker.

The obligations of the Salesperson under this Section 11 shall continue after the termination of this Agreement.

12. **Litigation.** Any litigation to collect a commission shall be brought in the name of the Broker, and the Salesperson agrees that the Broker shall have the right and authority to pursue and settle such litigation upon

terms and conditions deemed expedient or desirable by the Broker. The Salesperson shall be a sub-agent of the Broker for the purpose of any litigation to collect a commission and for no other purpose. In any dispute or litigation involving both the Broker and the Salesperson (including litigation to collect a commission), the Broker shall have the right to determine whether the same counsel can represent both the Broker and the Salesperson and to select counsel to represent both, subject to the Salesperson's written agreement to such representation. In any event, the Salesperson agrees to cooperate fully with the Broker and the Broker's counsel. The Broker reserves the right to determine whether and on what terms any litigation or dispute shall be prosecuted, defended, compromised or settled and whether legal expenses shall be incurred.

Subject to the provisions of Section 13, the Broker and Salesperson shall share all expenses arising out of any litigation or dispute (including, without limitation, costs, attorney's fees and insurance policy deductibles) in the same proportion as provided for in the division of any commissions, provided, however, if the Broker shall pay such expenses, the Broker may deduct the Salesperson's share from future commissions due the Salesperson, if any, or if none shall be due, the Salesperson shall pay his/her proportionate share of such expenses within thirty (30) days after written demand by the Broker.

13. **Indemnity.** Notwithstanding any other provision of this Agreement, the Salesperson agrees to indemnify and hold the Broker harmless for all costs, fines, fees, expenses, assessments and penalties (including, without limitation, costs and attorney's fees) incurred by the Broker because of the Salesperson's negligent or intentional acts or otherwise, misrepresentation, non-disclosure, or promise or untrue statement made by the Salesperson during the course of any transaction handled by the Salesperson under this Agreement. The Broker may deduct any money due the Broker under this Section 13 from any compensation that may be due the Salesperson under this Agreement. The Salesperson shall pay the Broker all money due the Broker under this Section 13 from any compensation that may be due the Salesperson under this Agreement. The Salesperson shall pay the Broker all money due the Broker under this Section 13 within thirty (30) days after written demand by the Broker.

The obligations of the Salesperson set forth in this Section 13 shall continue after the termination of this Agreement.

14. **Termination.** The Salesperson's failure

**AGREEMENT**

**SCHEDULE I**

to maintain his/her Connecticut real estate license in effect shall automatically terminate this Agreement. Otherwise, either party may terminate this Agreement at any time by notifying the other party of such termination. Upon the termination of this Agreement, the Salesperson shall turn over to the Broker any and all materials, information and records obtained during the term of the Salesperson's affiliation with the Broker and pertaining to the business of the Broker, including, without limitation, business cards, stationery, signs, books, forms, computer printouts and files. After the termination of this Agreement, the Salesperson shall not use any such materials, record or information or the name of the Broker for his/her own or another's benefit.

Within 10 days after the date of termination, the Broker will give the Salesperson a written statement of all pending listings, transactions and commissions pertaining to the Salesperson.

15. **Nonassignability.** This Agreement is personal to the Salesperson and may not be assigned by the Salesperson to anyone else.

16. **Miscellaneous.** This Agreement shall be interpreted and governed by the laws of the State of Connecticut. This Agreement may be modified only by a written agreement signed by the parties. Should any one or more of the provisions hereunder be determined to be illegal or unenforceable, no other provision hereunder shall be affected. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs and personal representatives, as well as to the successors and assigns of the Broker.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in Connecticut on this \_\_\_ day of \_\_\_\_\_ 20\_\_.

SALESPERSON  
BROKER

\_\_\_\_\_  
Signature  
Company Name

By: \_\_\_\_\_  
Printed Name  
Signature

\_\_\_\_\_  
Printed Name

**INDEPENDENT CONTRACTOR**

Commission Rates:

Division of Commission between the Broker and the Salesperson:

Commission and Division of Commissions upon Termination:

**THIS SAMPLE AGREEMENT IS FOR ILLUSTRATIVE PURPOSES ONLY. ANY MATTERS PERTAINING TO IT SHOULD BE PRESENTED TO YOUR OWN LEGAL COUNSEL.**

Revised 2014

REAL ESTATE AGENCY DISCLOSURE NOTICE  
GIVEN TO UNREPRESENTED PERSONS

This is not a contract. Connecticut law requires that you be given this notice disclosing whom the real estate licensee represents. The purpose of such disclosure is to enable you to make informed choices about your relationship with real estate licensees.

GIVEN TO \_\_\_\_\_  
(UNREPRESENTED PERSON/PERSONS)

ON \_\_\_\_\_ (DATE)

OUR FIRM \_\_\_\_\_ REPRESENTS

SELLER     LANDLORD     BUYER     TENANT

This is key to show to the non-client that this form is required by CT law.

UNREPRESENTED PERSON(S)'S RIGHTS AND RESPONSIBILITIES

1. The broker and salespersons (referred to as agents or licensees) in this transaction owes the other party to this transaction undivided fiduciary obligations, such as: loyalty, reasonable care, disclosure, and obedience to lawful instruction, confidentiality and accountability. The agent(s) must put the other party's interest first and negotiate for the best terms and conditions for them, not for you.
2. All real estate agents, whether representing you or not, are obligated by law to treat all parties to a real estate transaction honestly and fairly.
3. You have the responsibility to protect your own interests. Carefully read all agreements to make sure they accurately reflect your understanding. If you need additional advice for legal, tax, insurance or other such matters, it is your responsibility to consult a professional in those areas.
4. Whether you are a buyer, seller, tenant, or landlord, you can choose to have the advice, assistance and representation of your own real estate brokerage firm and its agents. Do not assume that a real estate brokerage firm or its agents are representing you or are acting on your behalf unless you have contracted in writing with that real estate brokerage firm.

ACKNOWLEDGMENT  
OF UNREPRESENTED PERSON(S)\*

\_\_\_\_\_  
*Signature(s)*

\_\_\_\_\_  
*Print Name(s)*

\_\_\_\_\_  
*Date*

ACKNOWLEDGEMENT OF AGENT

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Date*

\* To be signed by the buyer/tenant when the agent represents the seller/landlord, or  
To be signed by the seller/landlord when the agent represents the buyer/tenant

Connecticut Department of Consumer Protection form issued June, 2002

**DUAL AGENCY CONSENT AGREEMENT**  
Pursuant to Public Act 96-159

Property Address: \_\_\_\_\_

Seller(s) or Landlord(s): \_\_\_\_\_

Buyer(s) or Tenant(s): \_\_\_\_\_

(1) This Dual Agency Consent Agreement is an addendum to and made part of (check all that apply):

- Listing Agreement dated \_\_\_\_\_ between brokerage firm and seller or landlord.
- Buyer or tenant agency agreement dated \_\_\_\_\_ between brokerage firm and buyer or tenant.

(2) Seller and buyer (or landlord and tenant, as the case may be) hereby acknowledge and agree that \_\_\_\_\_ (name of brokerage firm) is representing both buyer and seller (or landlord and tenant, as the case may be) in the purchase and sale (or lease) of the above referenced property and that brokerage firm has been and is now the agent of both seller and buyer (or landlord and tenant, as the case may be). Seller and buyer (or landlord and tenant, as the case may be) have both consented to and hereby confirm their consent to this dual representation.

(3) Seller and buyer (or landlord and tenant, as the case may be) agree:

(A) The brokerage firm shall not be required to and shall not disclose to either buyer or seller (or landlord or tenant, as the case may be) any personal, financial or other confidential information to such other party without the express written consent of the party whose information is disclosed, other than information related to material property defects which are known to the brokerage firm and other information the brokerage firm is required to disclose by law.

(B) The brokerage firm may not disclose: (i) To the buyer that the seller (landlord) will accept less than the asking or listed price, unless otherwise instructed to do so in writing by the seller (landlord); (ii) to the seller (landlord) that the buyer (tenant) can or will pay a price greater than the price submitted in a written offer to the seller (landlord), unless otherwise instructed to do so in writing by the buyer (tenant); (iii) the motivation of the seller or buyer (or landlord or tenant, as the case may be) for selling, buying or leasing property, unless otherwise instructed in writing by the respective party; or (iv) that a seller or buyer will agree to financing terms other than those offered, unless instructed in writing by the respective party.

(4) Property information available through the multiple listing service or otherwise, including listed and sold properties, which has been requested by either the seller or the buyer (or landlord or tenant, as the case may be) shall be disclosed to both seller and buyer (or landlord and tenant, as the case may be).

(5) Both parties are advised to seek competent legal and tax advice with regard to this transaction, and with regard to all documents executed in connection with this transaction, including this Dual Agency Consent Agreement.

I have read and understand the above agreement.

Buyer (Tenant)

Seller (Landlord)

Brokerage Firm

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Company Name

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Authorized Signature

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**\*Most important part of the Agreement that both buyer and seller are agreeing to.**

**Dual Agency/Designated Agency  
Disclosure Notice and Consent Agreement  
Given to Persons Represented by the Same Brokerage Firm**

Brokerage Firm: \_\_\_\_\_

Property Address: \_\_\_\_\_

Buyer (Tenant): \_\_\_\_\_

Seller (Landlord): \_\_\_\_\_

The Brokerage Firm has entered into a **written agency relationship** with both Buyer and Seller (or Tenant and Landlord). Buyer (Tenant) is now interested in buying (leasing) Seller's (Landlord's) Property. If this transaction proceeds, the Brokerage Firm will be a **dual agent**, since the Brokerage Firm represents both parties. Connecticut law allows the Brokerage Firm to be a dual agent, but only after both Buyer and Seller (or Tenant and Landlord) understand what dual agency is and consent to it.

Connecticut law also allows Brokerage Firms that are dual agents to appoint individual **designated agents** within their firm to solely represent Buyer and Seller (or Tenant and Landlord); again, this designation can only be made after both Buyer and Seller (or Tenant and Landlord) understand what designated agency is and consent to it.

Both Buyer and Seller (or Tenant and Landlord) are free to seek legal and tax advice with regard to this transaction, and with regard to all documents signed in connection with this transaction.

***Understanding Dual Agency***

Dual Agency means that the Brokerage Firm, and all the brokers and salespersons for the firm (unless designated agency is chosen) act in a fiduciary capacity for both Buyer and Seller (or Tenant and Landlord). In Dual Agency, the Brokerage Firm does not represent either the Buyer or Seller (or Tenant or Landlord) exclusively, and the parties can not expect the Brokerage Firm's undivided loyalty.

The Brokerage Firm may not disclose to either the Buyer or Seller (or Tenant or Landlord) any personal, financial, or confidential information to the other party except as authorized by either party or required by law. The Brokerage Firm may not disclose, unless otherwise instructed by the respective party:

- to Buyer (Tenant) that Seller (Landlord) will accept less than the asking or listed price
- to the Seller (Landlord) that the Buyer (Tenant) can pay a price greater than the price submitted in a written offer to the Seller, unless otherwise instructed to do so in writing by the Buyer (Tenant);
- the motivation of either Buyer or Seller (or Tenant or Landlord) for selling, buying, leasing the Property; and that
- that Buyer or Seller will agree to financing terms other than those offered

Most important for Broker/agent to point out.

**Dual Agency Consent**

Buyer and Seller (or Landlord and Tenant) understand dual agency and consent to the Brokerage Firm acting as a dual agent in this transaction.

**Understanding Designated Agency**

Designated Agency means the appointment by the Brokerage Firm of one broker or salesperson (referred to as agent) affiliated with or employed by the Brokerage Firm to solely represent Buyer (Tenant) as a Designated Buyer's Agent and appoint another to solely represent Seller (Landlord) as a Designated Seller's Agent in this transaction.

A Designated Buyer's Agent and Designated Seller's Agent owe the party for whom they have been appointed undivided fiduciary obligations, such as loyalty, reasonable care, disclosure, obedience to lawful instruction, confidentiality and accountability. **The Designated Agent is not deemed to be a Dual Agent**, and thus does not owe fiduciary duties to the other party. A designated agent may use confidential information obtained about the other party while a designated agent for the benefit of the party for whom they have been appointed, however, information obtained before the designation is still confidential. In the case of Designated Agency, the Brokerage Firm is still considered a Dual Agent.

**\*This Designated Agent only has a fiduciary duty exclusively to their designated client be it buyer or seller, but not to both.**

**Appointment of Designated Agents**

Buyer and Seller (or Landlord and Tenant) understand designated agency and have agreed to the appointment of designated agents.

If designated agency has been agreed to, the following designated agents have been appointed:

\_\_\_\_\_ has been designated to solely represent Buyer (Tenant) as a Designated Buyer Agent.

\_\_\_\_\_ has been designated to solely represent Seller (Landlord) as a Designated Seller Agent

Appointing broker/authorized agent \_\_\_\_\_ Date: \_\_\_\_\_

**Acknowledgment of Buyer (Tenant)**

**Acknowledgement of Seller (Landlord)**

\_\_\_\_\_

\_\_\_\_\_

Signature(s) \_\_\_\_\_ Date \_\_\_\_\_

Signature(s) \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Print Name(s) \_\_\_\_\_

Print Name(s) \_\_\_\_\_

**STATE OF CONNECTICUT  
DEPARTMENT OF CONSUMER PROTECTION  
165 Capitol Avenue ♦ Hartford, CT 06106**



**RESIDENTIAL PROPERTY CONDITION DISCLOSURE REPORT**

Name of Seller(s):  
Property Street Address:  
Property Municipality:

Zip Code:

The Uniform Property Condition Disclosure Act (Connecticut General Statutes Section 20-327b) requires the seller of residential property to provide this disclosure to the prospective purchaser prior to the prospective purchaser's execution of any binder, contract to purchase, option or lease containing a purchase option. These provisions apply to the transfer of residential real property of four dwelling units or less made with or without the assistance of a licensed broker or salesperson. The seller will be required to credit the purchaser with the sum of \$500 or the amount set forth in section 20-327c of the Connecticut General Statutes if said section prescribes a different amount, at closing if the seller fails to furnish this report as required by said act.

**Connecticut law requires the owner of any dwelling in which children under the age of 6 reside to abate or manage materials containing toxic levels of lead.**

**Pursuant to the Uniform Property Condition Disclosure Act, the seller is obligated to answer the following questions and to disclose herein any knowledge of any problem regarding the following:**

YES	NO	UNKN		I. GENERAL INFORMATION	
-----	----	------	--	------------------------	--

- |                          |                          |                          |                          |  |  |
|--------------------------|--------------------------|--------------------------|--------------------------|--|--|
|                          |                          |                          |                          | 1. How long have you occupied the property? _____ Age of Structure: _____  |  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 2. Does anyone other than yourself have any right to use any part of your property, or does anyone else claim to own any part of your property? If yes, explain: _____<br>_____<br>_____   |  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 3. Is the property in a flood hazard area or an inland wetlands area? If yes, explain: _____<br>_____<br>_____   |  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 4. Do you have any reason to believe that the municipality in which the subject property is located may impose any assessment for purposes such as sewer installation, sewer improvements, water main installation, water main improvements, sidewalks or other improvements? If yes, explain: _____<br>_____<br>_____ |  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5. Is the property located in a municipally designated village district, municipally designated historic district, or special tax district, or listed on the National Register of Historic Places? If yes, explain: _____<br>_____<br>_____  |  |

Special statement: Information concerning village districts and historic districts may be obtained from the municipality's village or historic district commission, if applicable.

YES	NO	UNKN	<b>II. SYSTEM/UTILITIES</b>
-----	----	------	-----------------------------

6. Heating system problems? If yes, explain and list fuel types. \_\_\_\_\_  
\_\_\_\_\_
- a. Is there an underground fuel tank? If yes, give age of tank and location. \_\_\_\_\_  
\_\_\_\_\_
- b. Are you aware of any problems with the fuel tank? If yes explain: \_\_\_\_\_
- c. (1) During the time you have owned the property, has there ever been an underground storage located on the property? (2) If yes, has it been removed? Yes \_\_\_ No \_\_\_ (3) If yes, what was the date of such removal and what was the name and address of the person or business who removed such underground storage tank? Provide any and all written documentation of such removal within your control or possession. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
7. Hot water problems? If yes, explain: \_\_\_\_\_  
Type of hot water heater \_\_\_\_\_ Age \_\_\_\_\_
8. Plumbing system problems? If yes, explain: \_\_\_\_\_
9. Sewage system problems? If yes, explain: \_\_\_\_\_  
Type of sewage disposal system (central sewer, septic, cesspool, etc.) \_\_\_\_\_
- a. If private: (a) Name of service company \_\_\_\_\_  
(b) Date last pumped \_\_\_\_\_ Frequency \_\_\_\_\_
- b. If public:  
(1) Is there a separate charge made for sewer use? Yes \_\_\_\_\_ No \_\_\_\_\_  
(2) If separate charge, is it a flat amount or metered? \_\_\_\_\_  
(3) If flat amount, please state amount and due dates: \_\_\_\_\_  
(4) Are there any unpaid sewer charges? Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, state the amount: \_\_\_\_\_
10. Air conditioning problems? If yes, explain: \_\_\_\_\_  
Air Conditioning type: Central \_\_\_\_\_ Window \_\_\_\_\_ Other \_\_\_\_\_
11. Electrical System problems? If yes, explain: \_\_\_\_\_  
\_\_\_\_\_
12. Are you aware of any problem with the well or domestic water quality, quantity, recovery, and/or pressure? If yes, explain: \_\_\_\_\_  
\_\_\_\_\_
- a. Was well water tested for contaminants/volatile organic compounds? If yes, attach a copy of the report.
- b. Are there any unpaid water charges? If yes, state the amount: \_\_\_\_\_
- c. Is there a separate expense for water usage? If yes, state if flat or metered, give the amount and explain: \_\_\_\_\_  
\_\_\_\_\_
13. Electronic security problems? If yes, explain: \_\_\_\_\_



- \_\_\_\_\_
14. Are there carbon monoxide or smoke detectors located in a dwelling on the property? If yes, state the number of such detectors and whether there have been any problems with such detectors.
- \_\_\_\_\_
- \_\_\_\_\_
15. Fire sprinkler system problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_

YES	NO	UNKN		<b>III. BUILDING/STRUCTURE/IMPROVEMENTS</b>	
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16. Foundation/slab problems/settling? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
17. Basement Water/Seepage/Dampness? If yes, explain amount, frequency and location.
- \_\_\_\_\_
18. Sump pump problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
19. Roof leaks? If yes, explain: \_\_\_\_\_
- Roof type: \_\_\_\_\_ Age: \_\_\_\_\_
20. Interior walls/ceiling problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
21. Exterior siding problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
22. Floor problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
23. Chimney/fireplace/wood or coal stove problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
24. Fire/smoke damage? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
25. Patio/deck problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
- If made of wood, is wood treated or untreated? \_\_\_\_\_
26. Driveway problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
27. Termite/insect/rodent/pest infestation problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_
28. Is house insulated? If yes, type \_\_\_\_\_ Location \_\_\_\_\_
29. Rot and water damage problems? If yes, explain: \_\_\_\_\_
- \_\_\_\_\_





## Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

## Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Key Provision

## Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) \_\_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):

\_\_\_\_\_  
 (ii) \_\_\_\_\_ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) \_\_\_\_\_ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below):

Name of Document(s)	Author	Date
_____	_____	_____

(ii) \_\_\_\_\_ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

## Purchaser's Acknowledgment (initial)

(c) \_\_\_\_\_ Purchaser has received copies of all information listed above.

(d) \_\_\_\_\_ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*

(e) \_\_\_\_\_ Purchaser has (check (i) or (ii) below):

(i) \_\_\_\_\_ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) \_\_\_\_\_ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

## Agent's Acknowledgment (initial)

(f) \_\_\_\_\_ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

## Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

\_\_\_\_\_  
Address of Property/Unit

**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards**

**Lead Warning Statement**

*Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead poisoning prevention.*



**Key  
Provision**

**Lessor's Disclosure**

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) \_\_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

\_\_\_\_\_

(ii) \_\_\_\_\_ Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the lessor (check (i) or (ii) below):

(i) \_\_\_\_\_ Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

\_\_\_\_\_

(ii) \_\_\_\_\_ Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Lessee's Acknowledgment (initial)**

(c) \_\_\_\_\_ Lessee has received copies of all information listed above.

(d) \_\_\_\_\_ Lessee has received the pamphlet *Protect Your Family from Lead in Your Home*.

**Agent's Acknowledgment (initial)**

(e) \_\_\_\_\_ Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Lessor	_____ Date	_____ Lessor	_____ Date
_____ Lessee	_____ Date	_____ Lessee	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

## CFPB CLOSING DISCLOSURE ADDENDUM TO CONTRACT

This CFPB Closing Disclosure Addendum to Contract is made and entered into as of \_\_\_\_\_, ("Effective Date") and is hereby made part of and incorporated into that certain Connecticut Residential Purchase and Sale Agreement dated \_\_\_\_\_ (the "Purchase and Sale Agreement") by and between \_\_\_\_\_ (therein and herein referred to as "Buyer"), and \_\_\_\_\_ (therein and herein referred to as "Seller") pertaining to the real property with the address of \_\_\_\_\_, Connecticut ("Subject Property");

1. This Addendum shall apply only if the Buyer is obtaining a mortgage loan subject to the regulation of the Federal Consumer Finance Protection Bureau ("CFPB").
2. The intent of this Addendum is to set forth the respective responsibilities of the Seller and Buyer and their respective designated representative(s) to transmit necessary information in a timely manner to all Parties participating in the Closing. "Parties" includes but are not necessarily limited to Buyer, Seller, Real Estate Brokers and/or Real Estate Agents, Attorneys, and Lender(s).
3. CFPB regulation requires Lenders to timely and accurately disclose by way of a Closing Disclosure ("Closing Disclosure") all closing costs ("Closing Costs") in a residential mortgage transaction. Closing Costs may include but are not limited to a) all Seller and Buyer Closing Costs, including Real Estate Broker Commission(s), Attorneys' fees, private mortgage insurance, recording fees, conveyance taxes, and title insurance, b) all adjustment items ("Adjustments") as applicable in favor of either the Buyer or the Seller, such as heating or cooking fuel, taxes, special assessments, home or community association fees, tenant rental payments, other utility charges, adjustments for cost of correcting pre-closing inspection property damage. Seller and Buyer understand and agree Lender forms, policies, and procedures affected or regulated by the CFPB regulation may result in the Lender a) preparing and transmitting a Closing Disclosure containing all Closing Costs for both Seller and Buyer three (3) business days before the transaction may close and b) providing an updated Closing Disclosure to the Buyer. These procedures, any delays in receiving requested information from any Party, any change in Buyer's finances or information, and any change in the costs of the transaction, or other delays, changes, or modifications to the transaction may result in a delay of the real estate Closing.
4. Buyer and Seller understand and agree under the new CFPB regulation, a change in the APR of more than one eighth of a percent, a change in the mortgage loan product, or a new term adding a prepayment penalty SHALL require Buyer to be provided with a new Closing Disclosure, and a (three) 3 business day waiting period after the Buyer receives the new Closing Disclosure SHALL occur before the property may close.
5. In consideration of the above, Buyer and Seller each agree as follows:

Property Address: \_\_\_\_\_

Buyer: \_\_\_\_\_

Seller: \_\_\_\_\_

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Last Revised 10/9/15

- a. The Parties shall treat any closing date listed in the Purchase and Sale Agreement as a preliminary date of closing ("Preliminary Closing Date") which may be subject to change as a result of legally complying with the new CFPB Regulation.
  - b. To supply final and accurate Closing Costs and any other requested information in a timely manner to the Lender and other necessary party or parties as applicable.
    - 1. The Seller or Seller's Attorney shall transmit in writing to the Buyer's Attorney at least ten (10) days prior to the Preliminary Closing Date, all Closing Costs including adjustments known to Seller or Seller's representative, and all other requested information, including but not limited to: mortgage and lien payoffs, Seller attorney's fees, State and Town conveyance taxes, and the number of pages of the conveyancing deed that shall be recorded.
    - 2. If the Seller fails to transmit the information as outlined Herein, Buyer's Attorney shall perform the calculations using all reasonable and obtainable information. Such calculation(s) shall be final and binding upon all Parties.
  - c. Heating or cooking fuel shall not be delivered to the Subject Property prior to the Closing without the express written consent of the Buyer. Any amount delivered after the Reading shall be Seller's financial responsibility unless Buyer agrees in writing to reimburse Seller for the additional amount of unused fuel.
  - d. Unless expressly permitted by Buyer's Lender in writing, there shall be no Paid Outside of Closing ("POC") items for any items that are required to be disclosed on any financial closing disclosure documents, including but not limited to the Closing Disclosure.
6. Seller and Buyer recognize a delay may cause material financial hardship to one or both parties in the event Buyer's Lender does not timely receive accurate Closing Costs or other requested information. Therefore, if the Preliminary Closing Date is delayed, Buyer shall not owe Seller any sum(s) of money or other compensation or thing of value for such delay unless the need for the updated Closing Disclosure was caused by the Buyer's or Buyer's Attorney's failure to provide the Lender with information known to the Buyer or Buyer's Attorney.

IN WITNESS WHEREOF, Seller and Buyer have entered into this Addendum as of the Effective Date specified above.

\_\_\_\_\_  
 SELLER:                      Date Signed

\_\_\_\_\_  
 BUYER:                      Date Signed

\_\_\_\_\_  
 SELLER:                      Date Signed  
 Property Address: \_\_\_\_\_  
 Buyer: \_\_\_\_\_  
 Seller \_\_\_\_\_

\_\_\_\_\_  
 BUYER:                      Date Signed

# Fair Housing Notice Pursuant to PA 16-16



## STATE AND FEDERAL PROTECTED CLASSES

State and Federal laws protect individuals from housing discrimination.

The following protected classes are found both under State and Federal law: race; color; national origin; ancestry; sex; creed/religion; disability (mental, learning (CT only), or physical); and familial status (families with children). Connecticut has additional fair housing protections which include lawful source of income (including but not limited to Section 8 Voucher/RAP and Security Deposit Guarantee); sexual orientation; gender identity and expression; age; and marital status.

## THE FOLLOWING ARE EXAMPLES OF POTENTIAL FAIR HOUSING VIOLATIONS

- Refusing to rent, sell, or show a dwelling based on a potential tenant's protected class.
- Steering potential tenants to certain neighborhoods based on their race, color and/or national origin, or any other protected class.
- Increasing the security deposit based on the number of children living in a unit.
- Requiring a potential tenant to be employed, when they have sufficient income to pay the rent from other lawful sources.
- Failing to negotiate or refusing to rent to a potential tenant because their source of income is a Section 8 voucher or RAP voucher.
- Refusing to waive a "no pet" policy for a tenant with a disability who has an emotional support animal.
- Refusing to allow a tenant with a disability to reasonably modify the unit by building a ramp to the front door.

**Exceptions may apply but never on the basis of a  
tenant's race, color, or national origin.**

Prospective Purchaser: \_\_\_\_\_ Date: \_\_\_\_\_

Commission on Human Rights and Opportunities | 25 Sigourney St, 7th Floor, Hartford, CT 06106  
860-541-3403 | 800-477-5737 | [ct.gov/CHRO](http://ct.gov/CHRO)